



Daily Report

East Asia

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Thai Official on Talks With U.S.-ASEAN Council

BK1101120095 Bangkok KRUNGTHEP THURAKIT in Thai 11 Jan 95 p 10

[FBIS Translated Text] Deputy Commerce Minister Chaiyot Sasomsap disclosed after a meeting with senior members of the U.S.-ASEAN Business Council that Thailand asked the U.S. private sector to encourage its government to remove Thailand from the Watch List (WL) as a gesture for smooth Thai-U.S. relations. The ministry also asked the United States to restore privileges under the Generalized System of Preferences (GSP) for Thailand following the U.S. extension of GSP privileges for several countries. Thailand also told the United States to be cautious about using counter-measures against farm subsidies and market dumping since they tend to cause disruption to trade from the start of filing a lawsuit.

The U.S.-ASEAN Business Council praised Thailand for its high economic growth rate, at 8 percent. Thailand said it also is happy with the figure and will try to keep the rate below 10 percent so it matches basic infrastructure development. Thailand also will try to contain the inflation rate to within 4 percent as it thinks a 5 percent rate is too high.

Bunthipha Simasakun, deputy director general of the Foreign Trade Department, noted that the U.S.-ASEAN Business Council expressed great interest in the accomplishment of the ASEAN Free Trade Area (AFTA) and asked Thailand, which plays a major role on AFTA, whether the target set to reduce the timeframe for tariff reduction, from 15 to 10 years, would be fulfilled. Thailand believed there should be no problem and that other ASEAN countries would also be able to achieve the target.

The Americans inquired about developments in the case of the Phaisan Insurance Company seeking permission to open branch offices and about the amendment of the Thai-U.S. Amity Treaty. Concerning the Phaisan Company, Thailand assured the United States that the case

would be treated without any discrimination. The cabinet already made a recommendation that existing laws be interpreted in order to see whether it is legal for the company to open branch offices. Concerning the Thai-U.S. treaty, Thailand thinks the treaty was promulgated a long time ago and therefore should be improved to make it suitable with the present situation.

APEC Affirms Plan on Harmonizing Standards

OW0901021295 Tokyo NIHON KEIZAI SHIMBUN in Japanese 3 Jan 95 Morning Edition p 3

[FBIS Translated Text] The Asia-Pacific Economic Cooperation (APEC) forum has firmed up its plan to take up electric appliances, rubber products, plastics, and food labels as priority items in the process of harmonizing standards and licensing systems to be begun in 1995. The harmonization of standards and licensing systems is aimed at promoting trade among APEC members, and it was agreed at ministerial conference in 1994 to begin reviewing the matter. A decision on specific procedures concerning the harmonization process in regard to the four items will be made at a ministerial conference planned for 1995 in Osaka.

A standards and licensing system stipulates safety standards and criteria on products, and defines inspection and approval (licensing) procedures to determine whether a product meets the requirements. Because different countries employ different procedures, such differences have become trade barriers. Therefore, APEC has decided to harmonize different systems within the forum by having members revise their systems to conform with international standards such as those stipulated by the International Organization for Standardization (ISO).

Beginning in 1995, Japan and other members will play the main role in conducting investigations in the 18 countries and territories belonging to APEC on, among other matters, the situation regarding product standardization and deviation from international standards. The priority items were selected according to trade volume in transactions among APEC members.

First ASEAN-PRC Dialogue Planned for Apr

*BK1001133295 Bangkok THE NATION in English
10 Jan 95 p A7*

[FBIS Transcribed Text] Asean and China will hold the first bilateral meeting of senior officials in Suzhou, East China, in April, where both sides will discuss a wide range of issues, including regional security.

Asean foreign ministers and their Chinese counterpart, Qian Qichen, agreed to hold the forum when they met in Thailand last July during the annual Asean ministerial meeting. It was also the inauguration of the Asean Regional Forum, an Asean brainchild set up for the discussion of security issues in the Asia-Pacific region.

At that time, both sides also signed agreements to establish two committees—on trade and economic cooperation, and science and technology—to strengthen Sino-Asean ties and expand present joint activities.

China, which has become a special consultative partner of Asean, has for the past two years attended the Post-Ministerial Meeting where Asean holds annual talks with its developed trading partners.

Informed sources said the April 2-4 meeting in Suzhou is significant in the sense that both Asean and China will for the first time discuss security matters in the region, apart from bilateral political and economic issues.

Beijing, said the sources, has never held bilateral dialogues on such wide-ranging topics with other regional groupings, and the Suzhou meeting will mark an important milestone in the Sino-Asean relations.

The sources said Asean "is very pleased" that China, feared by most western nations as an emerging military power in the region, has strongly supported the Asean Regional Forum, which is designed as an annual talks platform to prevent potential security conflicts in the area.

While Asean countries have steadily cultivated closer ties with China over the years, and trade and economic activities between individual Asean members and China have grown drastically, some Asean nations still have strong suspicions over the growing Chinese military influence in Southeast Asia.

Recurring reports over the past five years of \$1 billion worth of arms sales and military assistance to Burma by China have also worried Asean and South Asian nations, some of which have had bitter experiences with China and its communist party.

Beijing and Rangoon also agreed to set up ordnance factories to produce ammunitions and equipment to support and supplement Chinese small and heavy weaponry sold to Burma. An informed source said one ordnance factory will be set up in Rangoon, while the Burmese junta is still considering a site for the second factory.

Three Asean members—Brunei, Malaysia and the Philippines—are also rivals over the territorial claims on the Spratly Islands in the South China Sea, where Beijing has claimed ownership of the whole archipelago.

Although Beijing has allowed its academics to attend a number of Indonesia-held international workshops on the Spratly's, it has argued adamantly to resolve the territorial dispute on a bilateral basis with individual claimants.

Chinese Foreign Minister Qian Qichen told the Asean Regional Forum last July that it hoped the forum will serve as a platform to broaden consensus and strengthen trust and understanding in political and security matters in the Asia-Pacific region.

ASEAN May Launch Social Development Fund

*BK1101105795 Bangkok THE NATION in English
11 Jan 95 p A2*

[FBIS Transcribed Text] Thailand is hosting the 19th Meeting of the Asean Committee on Social Development (COSD) in Bangkok in which the possibility of establishing an Asean Social Development Fund will be discussed, the Foreign Ministry announced yesterday. It is believed that the fund would enhance Asean's resources for social development, as well as give a much-needed boost to activities in this field.

The findings from this meeting, which started yesterday and ends on Friday, will be included in the agenda of the Fifth Asean Summit which Thailand will host in December 1995, as well as the World Summit for Social Development scheduled for March 1995 in Denmark. The meeting also marks the change of chairmanship of Asean COSD from Singapore to Thailand. Thailand will act as chair of the committee from 1994-1996.

According to Foreign Ministry officials, Thailand intends to place particular emphasis on activities that will enhance the role of the family, because it believes the family remains the key element for social cohesion.

COSD is one of Asean's six functional committees, with the other five dealing with science and technology, culture and information, environment, drugs, and civil service matters.

Japan

Reportage on Murayama Visit to Washington

Proposes 'Creative Partnership'

OW1101235795 Tokyo KYODO in English 2336 GMT
11 Jan 95

[FBIS Transcribed Text] Washington, Jan. 11 KYODO—Japanese Prime Minister Tomiichi Murayama proposed a "creative partnership" with the United States during his summit meeting with President Bill Clinton on Wednesday [11 January], but the idea apparently made little impact upon his American audience.

Murayama, according to Japanese officials, coined the concept of a "creative partnership" between the two economic superpowers before embarking on his first U.S. trip since assuming office last June.

"It's a sort of catch phrase, as it were," a senior Japanese official told reporters on the eve of the summit meeting.

Japanese officials briefing reporters on the summit meeting said Murayama did raise the concept during the summit, but the "catch phrase" apparently failed to catch on, at least in the case of one key summit participant from the U.S. side.

"I think he did use those words," said U.S. Ambassador to Tokyo Walter Mondale. "(but) I would have to check my notes."

Murayama Statement at News Conference

OW1201010495 Tokyo NHK General Television
Network in Japanese 1912 GMT 11 Jan 95

[Statement by Prime Minister Tomiichi Murayama at joint news conference with President Clinton at the White House—live]

[FBIS Translated Text] At the beginning of this historical year that marks the 50th anniversary of the end of World War II, President Clinton and I affirmed the importance of present-day Japan-U.S. relations that the peoples of Japan and the United States have built over the past 50 years, and agreed to work together to further develop this relationship in the future. I would like to take this opportunity to express my gratitude to the United States for its generous assistance to Japan during the years shortly after the end of World War II. Both our governments share the view that it is important for Japan and the United States to firmly maintain the Japan-U.S. security arrangements.

President Clinton and I affirmed anew the need for both our countries to cooperate with each other for peace and prosperity in the Asia-Pacific region. Japan will cooperate with the United States for successfully holding the APEC summit and ministerial talks scheduled for this autumn in Osaka. The two countries will cooperate in

mapping out a common agenda aimed at placing importance on the Asia-Pacific region. Today, a joint report on the common agenda was presented at the summit. The President and I agreed to add assistance to women in developing countries to the common agenda.

Citing the exchange of students between Japan and the United States, I emphasized to the President the importance of promoting an exchange of visits between the people of the two countries at the grass-roots level. The President and I exchanged views on the international situation which is a matter of common concern to us.

As for the issue of North Korea's nuclear development, the Japanese Government fully supports an agreement signed last year between the United States and North Korea. South Korea is expected to play a central role in a light-water project that directly affects the security and stability of the Northeast Asian region. In a bid to ensure the successful implementation of the project, I told the President that the Japanese Government is willing to play a significant financial role in promoting the project.

In bilateral economic relations, the two countries have settled negotiations on flat glass and the financial sector since the end of last September. Our two countries have also agreed to resume negotiations on automobiles and auto parts. The President and I applaud this progress in the negotiations and affirm that both countries will continue to seriously work on the Japan-U.S. economic framework talks.

With today's summit as a good starting point, I am resolved to work together with President Clinton to build a creative partnership between Japan and the United States during this historical year. Furthermore, I am looking forward to welcoming President Clinton to Japan as a state guest this autumn.

TV Broadcasts Question Session

OW1201055395 Tokyo NHK General Television
Network in Japanese 1815 GMT 11 Jan 95

[Question-and-answer session at a joint news conference by Prime Minister Tomiichi Murayama and President Bill Clinton at the White House; simultaneous translation given over voice; processed from Japanese—live]

[FBIS Translated Text] [Clinton—in English] We will take questions alternatively from the American and Japanese press corps.

[Unidentified American reporter—first two sentences in English] Japan's trade surplus is running at more than \$60 billion. Last year at this time you said you would rather admit failure than accept an empty agreement or try to paper over proposal differences. It appears that there have not been many identifiable results achieved in the efforts to reduce [trade] problems. Will you tell us about the problems? Has there been progress made with regard to them?

[Clinton] I think progress has been made. First I would point this out: In the past year we have concluded eight agreements. We will gain much once the agreements get implemented. Though there will be some time lag, the United States will come to see the merits from the agreements.

Second, the conditions of trade relations between the two countries are influenced by the two countries' economic conditions. The United States is coming out of economic recession faster than Japan. The United States has achieved a higher rate of economic growth than Japan has—in the past two years. Japan is only now beginning to follow the United States, and its economy is expected to grow at a faster pace.

Both the imports and exports of the United States have increased at about the same rate in the past year. Imports from Japan have grown by about 11 percent, and exports to Japan have grown by 11 percent as well.

If the agreements concluded between both countries are implemented and if Japan's economy grows at about the same pace as the United States' economy, I think the U.S. trade surplus with Japan will shrink.

Lastly, I want to note that the two countries' economies need to become self-reliant. Automobiles account for 60 percent of the U.S. trade deficit with Japan. Unless that issue is resolved, I think it will be impossible to arrive at a basic solution of the overall problem or to achieve balanced trade. We will make efforts toward that goal. For this reason also, it is necessary to restore the relationship to what it should be.

I think we should not make judgments based only on figures for this year. That is because we have to think about the effects from the economic recession and because there will be some time lag before the concluded eight agreements take effect and bear fruit. Before all that, however, progress must be made in the area of automobiles and auto parts.

[Unidentified reporter] How do you plan to hold ceremonies to commemorate the 50th year of the end of World War II? Do you plan to invite Prime Minister Murayama to the ceremonies to be held this year?

[Clinton] There will be a number of commemoration events, as you are aware. Ceremonies will be held in a number of places in the Pacific region. But I have not decided on details of exactly what we should do or how we should do it. I know various opinions have been expressed and discussions held in Japan regarding this. Three former Japanese prime ministers have expressed their regrets over the war publicly. And since the end of the war, the relationship of the two countries has been excellent—as partners and friends. On the 50th anniversary, I think, we should confirm there must be no more war like that, while determining what our future responsibilities are and what expectations other countries have of us. We want this year to be a year when the United

States and Japan will think what the two countries can do to change the world into a better place to live.

A report on the various areas of cooperation Prime Minister Murayama referred to will be issued today. I think he prepared the report with the expectations of the world on the United States and Japan in mind.

[Unidentified reporter] What can the United States do to help stabilize the economic crisis of Mexico? What is the effect of the crisis on the U.S. economy? Do you have anything to say to those people which think it is wrong to get involved with Mexico or any other Latin American countries through such arrangements as the North American Free Trade Agreement?

[Clinton] I think you asked two things in your question. First of all, I have confidence in the long-term future of Mexico. What Mexico has now is a short-term crisis in currency liquidity. The value of the Mexican currency should be controlled in one way or another, and one reason for the current situation is the large government financial deficit. But the economy is headed in the right direction, and the appropriate political leadership is being exercised. The future direction is correctly oriented. The latest move by the Mexican president on an emergency economic reform plan is something which will demand sacrifices on the part of the Mexican people. The United States would like to think about what it can do to help Mexico tide over this crisis. I feel this is a short-term crisis.

I have talked with people within the Government and Congressional leaders, and spoke with President Zedillo yesterday about it, and we are continuing to study it. In the next few days, I think I will be able to speak more definitely. For the United States, Mexico is very important. It is our neighbor. It has cooperated with the United States on such various matters as illegal immigrants, drug smuggling, and economic issues.

Besides, Mexico is playing a role as role model among Latin American countries and developing countries. We should help the country as far as possible.

To answer your second question, I want to note that the people who were against NAFTA did that for a completely different reason. What they insisted was that while the Mexicans would get richer and richer, the American workers would lose their jobs because of the agreement. But that did not happen. Helped by recovery from recession and improvement of productivity, the U.S. economy has grown, rather than decline, for the past two years. What no one really foresaw has happened. It has made us think that democracy and progress should be spread not only to Mexico but also to other Latin American countries.

As many of you will recall, there have been times when no democratic government existed in Latin America at all and the region suffered very much from economic woes. When compared to such times, you must agree, the

current atmosphere as seen in the summit of American states, for instance, is very desirable.

[Unidentified reporter] Further on Mexico, I would like to ask if you intend to make a public announcement on how much the United States will offer that country. My second question is about former President Salinas. President Salinas is being criticized internationally over his responsibility for the current crisis. Can you comment on that?

[Clinton] My answer to your first question is no, and the answer to the second question is yes. I still support President Salinas. Does anyone in the Japanese press corps have questions—for Prime Minister Murayama?

[Unidentified reporter] I would like to ask Prime Minister Murayama about assistance on light-water reactors [to North Korea]. President Clinton has just announced that Japan has promised strong support for it [assistance program] and you, Prime Minister Murayama, have for your part said Japan will fulfill a meaningful financial role in this regard. I would like to ask you to be a little more specific in explaining this—about what commitment you made to the President. Since you spoke about a meaningful financial burden, did you mention a specific amount or Japan's share of the total burdens. Another point is that both in Japan and the United States, criticism has been voiced about leaving North Korea's suspected past nuclear programs unclarified and ambiguous. What is your thinking on this? These questions are for Prime Minister Murayama.

[Murayama] Resolving the North Korean nuclear issue is a very important task that concerns not only the Korean peninsula, but also the whole Asia-Pacific region. That is why we have keenly watched the progress of the U.S.-DPRK talks. I give high credit to the United States for patience shown in the course of tough negotiations, and for reaching an agreement.

In resolving the nuclear arms issue, a major issue now is the supply of light-water reactors. In this regard, as I said earlier, I informed President Clinton that the Japanese Government would fulfill a meaningful financial role. But as far as the content of that role is concerned, since the Japanese Government has not yet decided on its details, I have not touched on the details—like how much it will be, and how it will be provided.

I have expressed our thoughts on the matter, however. The Japanese Government does not consider itself to be in the position of an outsider providing assistance to a third country, but considers this the government's own issue. I told this to President Clinton, and that the Japanese Government is aware it needs to tackle the issue in a positive manner, based on this thinking.

[Clinton] We will take about one more [question] each.

[Unidentified reporter] It is said that you are definitely considering raising the minimum wage in this country. In what areas do you plan to do this, and when will you

make the final decision? Are you concerned about opposition from the Republican Party?

[Clinton] Number one, I have not seen the recommendation [from the economic advisers]. I will not make any comment until I have seen the recommendation. Here, we have to look at three things. There are three things to consider when you make a decision like this. For example, the minimum wage is at a 20-year low, and inflation is at a 30-year low. Thirdly, we have to consider what is the number one mission of this country. At a time when the economy is beginning to recover, what we need to do is to increase the people's income. Some people say that people working for minimum wage are mostly young people who live with their parents, so there is no need to raise their wages. However, two years ago, we tried to really do something about this problem. We tried to implement a slightly higher tax refund on income. As a result of such efforts, income tax has been reduced by an average of \$1,000. For low income people, the minimum wage has fallen below the inflation rate; it has not increased in line with the normal increase in wages. We are trying to do something about this. The U.S. economy is changing so rapidly. Some people say this is not a good thing to do. The economic advisers are now doing their analysis.

My present goal...what I am saying now is we have to adopt the Bill of Rights for the middle-income group. The purpose of this is to increase the income of this group. This is the most important thing we need to do now. Toward this end, as I said, we have to adopt the Bill of Rights for the middle-income group. Appropriations will also have to be increased for training. We need approximately \$2,600 to train each person from the middle-income group.

[Unidentified reporter] Regarding the bilateral security arrangement, as you said earlier, you agreed that the maintenance of this arrangement is important at the summit meeting. In concrete terms, what did the prime minister say about how the Japanese Government will deal with the host nation support for the expenses of U.S. Forces? Second, was there any discussion on the possibilities for bilateral cooperation in UN PKO [peace-keeping operations] as an extension of the Japan-U.S. security alliance? I would like to ask these two questions.

[Murayama] With regard to the necessity of the Japan-U.S. security arrangement, we discussed this topic and reached total agreement. I believe, although the Cold War structure has collapsed, regional conflicts and many other unresolved problems still exist. These are problems not only for Japan and the United States. As I said earlier, the Japan-U.S. security alliance plays a very significant role in peace and stability in the Asia-Pacific region as a whole. Therefore, it is necessary to persist in maintaining this relationship.

Taking the security treaty as the axis, it is also important for Japan and the United States to play a central role not only in the area of security, but also in the economic

aspect, cultural exchanges, and all other fields. Based on such a viewpoint, we would like to exert further efforts in this area.

As to the second question concerning PKO, as you all know, Japan is a country which has a peace constitution, so we will not be able to cooperate when it comes to the use of arms. However, recently, we have just sent a contingent to Rwanda to offer humanitarian aid. We have consistently professed that Japan is willing to engage positively in international contributions in the form of humanitarian aid, and in all areas within the bounds of the constitution. I believe there is now perfect understanding between the two countries in this regard.

[Clinton] Let me say that the prime minister will have to leave, and before he does, I have one last thing to say. Yesterday, the Japanese market was opened for the first time to American apples. The prime minister said earlier that before he left Japan, the market was teeming with American apples, although he did not have the chance to taste one. The U.S. market will soon be open to Japanese apples as well. Here, I would like to present him with a basket of Washington apples because he said he did not have a chance to taste one in Japan. This is also a symbol of the progress in bilateral relations. [applause]

[Murayama] The Japanese people will enjoy eating delicious American apples, and we hope the American people will also enjoy Japanese apples. Thank you.

KYODO Reports on News Conference

OW1201001495 Tokyo KYODO in English 2349 GMT
11 Jan 95

[By Takehiko Kajita]

[FBIS Transcribed Text] Washington, Jan. 11
KYODO—Japan's Prime Minister Tomiichi Murayama on Wednesday [11 January] relayed to President Bill Clinton Tokyo's readiness to play a "significant financial role" in helping remove North Korea's nuclear threat.

"The Government of Japan intends to play a significant financial role in the light-water reactor project," Murayama said in a joint press meeting with Clinton at the White House.

The Japanese leader, who conferred with Clinton for the third time since his assumption of power last June, noted the success of planned multilateral cooperation in inaugurating an international consortium to convert North Korea's nuclear facilities to light-water reactors is vital for security and stability in Northeast Asia.

Clinton hailed Tokyo's intention regarding the establishment of the Korean Energy Development Organization (KEDO), saying, "I want to express my appreciation for Japan's strong support for this agreement including its willingness to play a significant financial role."

KEDO will be inaugurated in February, with its headquarters in New York, in line with a nuclear agreement

signed between the United States and North Korea last October. It is intended to fund and oversee the replacement of North Korea's graphite-moderated nuclear reactors with safer light-water models.

Light-water reactors produce less plutonium, a key ingredient of nuclear weapons.

Japan's Deputy Chief Cabinet Secretary Hiroyuki Sonoda told reporters that Murayama's remark on the "significant financial role" in helping set up KEDO means Japan is adopting a more active stance toward the North Korean nuclear threat.

At the summit with Clinton, Murayama pointed to the need for Japan and the U.S. to maintain close cooperation in implementing the U.S.-North Korea nuclear accord, highlighted by the launching of KEDO at an early date, Sonoda said.

While saying South Korea will play the central role in the establishment of KEDO, Murayama also reiterated that more major international powers should be invited to join the 4 billion dollar multilateral body.

"We are encouraged that Japan will play its part" in inaugurating KEDO and helping removing the threat arising from Pyongyang's suspected nuclear weapons development program, U.S. Ambassador to Japan Walter Mondale said in a briefing on the Japan-U.S. Summit.

On the economic front, Murayama vowed further efforts to rectify the current mammoth bilateral trade imbalance in favor of Japan through the expansion of domestic demand, Sonoda said.

The Japanese leader singled out deregulation as one of the most important steps that can spur his country's domestic demand and widen foreign access to its markets and also noted that deregulation is conducive to revitalizing the Japanese economy as a whole.

While thanking Murayama for his efforts to wrap up a five-year deregulatory program by the end of March, Clinton urged Japan to resolve bilateral auto and auto parts trade disputes so as to slash its trade surplus with the U.S.

The Japanese and U.S. leaders, meanwhile, reaffirmed the importance of bilateral relations at the start of a year that marks the 50th anniversary of World War II's end, Sonoda said.

Clinton spoke of the need for the two nations on opposite sides of the Pacific to try to maintain the close relations they have enjoyed for the past 50 years.

Murayama, for his part, expressed gratitude to the U.S. for its assistance to and cooperation with Japan, and proposed a new "creative partnership" between the two countries.

"At the start of a year that marks the 50th anniversary of the war's end, President Clinton and I reaffirmed the importance of the Japan-U.S. ties Japanese and Americans have built for the past 50 years," Murayama told reporters.

The Japanese premier said that the Japan-U.S. Security Treaty is indispensable to maintaining security and order in the Asia-Pacific region and relayed to Clinton Tokyo's plan to continue providing host-nation support to U.S. Forces stationed in Japan, Sonoda said.

While Clinton gave assurances that Washington will commit itself to maintaining the present bilateral security arrangements, Murayama sought assurances of a continued U.S. presence in the Asia-Pacific region.

Murayama's Social Democratic Party (SDP) adamantly opposed the security treaty for decades. But the SDP jettisoned this long-held policy after Murayama, the present party leader, assumed office as head of the tripartite coalition government.

Both Murayama and Clinton shared the view that the two countries should strive to resolve the issue of scaling down the size of U.S. bases in Okinawa, Japan's southernmost prefecture.

They also agreed that Japan and the U.S. should jointly seek to tackle such global issues as environmental degradation and aids, as part of their "common agenda," according to Sonoda.

Clinton promised that the U.S. will extend its full cooperation to Japan to bring about a successful conclusion to this year's meeting of the Asia-Pacific Economic Cooperation (APEC) forum in Osaka in November.

Murayama was quoted as replying that Japan, as the host nation, is determined to try to build a consensus among the 18-member APEC members on how to flesh out an accord reached in Indonesia last November that aims to achieve free trade in the region by 2020.

Igarashi on Murayama-Clinton Talks

*OW1201043295 Tokyo KYODO in English 0409 GMT
12 Jan 95*

[FBIS Transcribed Text] Tokyo, Jan. 12 KYODO—The Japan-U.S. summit talks were "totally fruitful" in beefing up ties between the two nations, Japan's top government spokesman said Thursday.

In their talks in Washington, Japanese Prime Minister Tomiichi Murayama and U.S. President Bill Clinton "reaffirmed further cooperation and development toward the 21st century" under a "creative partnership," Chief Cabinet Secretary Kozo Igarashi told reporters.

Murayama proposed the slogan of a "creative partnership," suggesting the two nations cooperate on the basis of the ties created over the 50 years since the war.

Covering "broad issues," their discussions were "totally fruitful not only for Japan-U.S. relations but also for world cooperation," Igarashi said.

On Japan's commitment to contribute to the plan to renew North Korea's nuclear system to remove suspicions of nuclear weapon development, Igarashi said Clinton and Murayama did not go into specifics apart from the premier's pledge that Tokyo would play a "significant financial role" in the light-water reactor project.

Igarashi noted that Clinton hailed Tokyo's intention regarding the establishment of the Korea Energy Development Organization—a multilateral cooperative body to be based in New York to convert North Korea's nuclear facilities to light-water reactors.

Concerning the Japan-U.S. Security Treaty, Igarashi said the summit meeting paved the way toward resolving the issue of scaling down the size of U.S. military bases in Okinawa, Japan's southernmost prefecture.

"The prime minister is expected to give concrete instructions on the issue after he returns," Igarashi said.

Business Leaders Hail Talks

*OW1201041395 Tokyo KYODO in English 0347 GMT
12 Jan 95*

[FBIS Transcribed Text] Tokyo, Jan. 12 KYODO—Japanese business leaders Thursday praised the outcome of the summit meeting between U.S. President Bill Clinton and Japanese Prime Minister Tomiichi Murayama in Washington.

Shoichiro Toyoda, chairman of the Federation of Economic Organizations (Keidanren), said the meeting confirmed the importance of the bilateral relationship.

The two countries "should now step up efforts to resolve economic problems remaining" between them, said Toyoda, who is also chairman of Toyota Motor Corp.

Kosaku Inaba, chairman of the Japan Chamber of Commerce and Industry, said the meeting was "very meaningful" because the two trade partners could discuss matters concerning the 21st century, and private business people will follow the example of the state leaders to widen exchanges and strengthen relations.

Takeshi Nagano, president of the Japan Federation of Employers Associations (Nikkeiren), said Japan's pledge to offer financial assistance to the United States for the construction of light-water reactors in North Korea will contribute to an improvement in the Japan-U.S. relationship.

"Japan should take the initiative (in the trade imbalance problem with the U.S.) as the host country of the next Asia-Pacific Economic Cooperation (APEC) forum," Nagano said. An APEC meeting is scheduled for November in Osaka.

Masaru Hayami, chairman of the Japan Association of Corporate Executives (Keizai Doyukai), also praised the fact that Murayama and Clinton had pledged a "creative partnership."

Noting that Japan is being urged to correct its current account imbalance with the U.S., Hayami said, "I believe the most important factor is that Japan revitalizes its domestic market by further government deregulations."

U.S. 'Offer' on Bases Welcomed

OW1201133495 Tokyo NHK General Television Network in Japanese 1014 GMT 12 Jan 95

[Announcer-read report; from "News 7" program]

[FBIS Translated Text] Defense Agency Director General Tokuichiro Tamazawa welcomed U.S. President Bill Clinton's summit pledge to try his best to resolve the issue of scaling down the size of U.S. bases on Okinawa. In a news conference held after an unveiling ceremony of the first prototype of Japan's next support fighter code-named FSX, Tamazawa said as follows:

[Begin recording] The United States, or Mr. Clinton, has shown us a positive offer for scaling down the bases. I think that is very significant proposal. [end recording]

In this regard, Tamazawa said the Defense Agency would also try its best to resolve Okinawa's problems. Noting that Japan and the United States are marking the 50th anniversary of the end of World War II, he said he would like to reach definite achievements within this year. As tangible asks, Tamazawa said the Defense Agency will focus on the reversions of Yomitan Auxiliary Airfield and Naha Port, as well as the abolition of live-fire exercises across a prefectural highway.

Murayama Departs U.S. For Home

OW1201152695 Tokyo KYODO in English 1515 GMT 12 Jan 95

[FBIS Transcribed Text] Washington, Jan. 12 KYODO—Japanese Prime Minister Tomiichi Murayama left Washington on Thursday [12 January] morning for Tokyo, winding up a two-day visit for talks with President Bill Clinton.

Murayama met Clinton on Wednesday and discussed issues including strengthening of bilateral relations and international efforts to help North Korea replace its nuclear reactors with a modern version.

The two leaders pledged to maintain a Japan-U.S. security system, financially contribute to the replacement of North Korean reactors and support women in developing countries.

They also discussed bilateral trade rows.

Murayama, aboard a government plane along with Foreign Minister Yohei Kono, is scheduled to arrive at Tokyo's Haneda Airport Friday afternoon.

KYODO Analyzes 'Positive' Summit With U.S.

OW1201134895 Tokyo KYODO in English 1311 GMT 12 Jan 95

[KYODO "News Analysis": "Japan-U.S. Summit Held on Positive Note But Lacks Focus"]

[FBIS Transcribed Text] Washington, Jan. 12 KYODO—Japanese Prime Minister Tomiichi Murayama arrived in Washington with determination to emphasize the importance of bilateral relations at the beginning of a year that marks the 50th anniversary of the end of World War II.

The objective of his whirlwind trip is to shed light on the positive areas of relations and to strive for a "creative partnership" with the United States.

"This time around, I didn't come here for negotiations. I want to communicate directly with him (President Bill Clinton) about the feelings and determined goals for each other," a Japanese official quoted the premier as saying prior to the summit.

Murayama's talks with Clinton focused considerably more on the positive than did the face-off over bitter trade issues between former Prime Minister Morihiro Hosokawa and the U.S. president last February.

"America has no more important bilateral ties than those with Japan," Clinton said in a press conference after the summit.

Due to a dearth of major pressing issues, however, the latest summit turned out to be too ambitious and without much focus.

The two leaders exchanged views on a wide range of bilateral and international issues such as cooperation in eradicating North Korea's nuclear threat, bilateral security ties and trade, and an Asia-Pacific Economic Cooperation (APEC) meeting this year.

However, Tokyo and Washington found an apparent gulf in what they expected from Wednesday's summit.

While Japan tried to use the meeting as a starting point in bilateral cooperation in 1995, the U.S. concentrated on those areas in which it deems it can actually cooperate with Japan.

One example is the "creative partnership" that Murayama said he wanted to offer the U.S.

A senior Japanese official said the proposal to move bilateral ties toward a new era was a significant achievement in the latest summit, the third between Murayama and Clinton in seven months.

But the concept apparently failed to strike a chord on the U.S. side.

"I think he did use those words," U.S. Ambassador to Japan Walter Mondale said, "but I would have to check my notes."

Meanwhile, Clinton urged Japan to open its automotive markets, telling reporters later, "further progress must be made, especially in the areas of autos and auto parts."

According to a Commerce Department estimate released recently, auto and auto parts trade comprised 59 percent of the 62.7 billion dollar merchandise trade deficit that the U.S. is projected to have posted with Japan in 1994.

Clinton also said bilateral trade "will never be in rough parity unless we continue to strengthen and discipline our own economy and, most important, unless we make some progress in autos and auto parts," a stronger expression of concern about the trade gap than Tokyo anticipated.

Murayama's pledge that Tokyo will play a "significant financial role" in setting up an international body to convert Pyongyang's nuclear program into nonmilitary purposes may have been the only memorable aspect of the summit for most Americans.

The vow reveals Tokyo's more active stance on the North Korean nuclear issue than previously taken, a senior Japanese official said.

Clinton expressed appreciation for Japan's support and said he reiterated his intention to Murayama that "the U.S. will also continue to play a leading role" in implementing a nuclear accord signed by Washington and Pyongyang in October.

Tokyo's Stance 'Unchanged' Over U.S. Auto Threat

OW1201105295 Tokyo KYODO in English 1001 GMT 12 Jan 95

[FBIS Transcribed Text] Tokyo, Jan. 12 KYODO—Japan is ready to file a complaint to a world trade watchdog if the United States imposes trade sanctions on autos and auto parts, a top government spokesman reiterated Thursday.

"Our stance remains unchanged," Chief Cabinet Secretary Kozo Igarashi told a news conference.

He denied that Tokyo succumbed to Washington's retaliatory threat in agreeing to resume stalled trade talks on autos and auto parts later this month.

The thorniest issue under bilateral framework trade talks hit a snag in October, with the U.S. singling out the sector for the start of procedures under Section 301 of the 1974 Trade Act.

In response, Tokyo immediately expressed its intention to lodge a complaint with the multilateral General Agreement on Tariffs and Trade (GATT) under the body's dispute settlement procedures.

Asked whether U.S. President Bill Clinton referred to the Section 301 probe in his meeting with Prime Minister Tomiichi Murayama, Igarashi said he has not heard and will ask the prime minister when he returns from Washington.

In a news conference following summit talks, Clinton urged Japan to open its auto markets.

"Further progress must be made, especially in the areas of autos and auto parts," he said, adding, "I am firmly committed to opening the market in this and other areas."

Meanwhile, U.S. Ambassador to Japan Walter Mondale and other U.S. officials denied speculation that Washington has agreed to suspend its investigation in a bid to resume the stalled talks, reiterating that the U.S. will impose sanctions on confirmation of unfair trade practices in Japan's auto and parts market.

Under a bilateral agreement made earlier this month, the focus of the auto talks will be Japan's replacement markets for auto parts, sales of U.S. parts to Japanese automakers in Japan and in Japanese plants in the U.S., and expansion of sales outlets of foreign cars in Japan.

Series of Articles Reviews U.S.-Japan Relations

Part I

OW1101124895 Tokyo ASAHI SHIMBUN in Japanese 8 Jan 95 Morning Edition p 2

[Article by political reporter Katsuyuki Yakushiji from the series: "Japan-U.S. Relations: 50 Years and Beyond"; part one of three; this one entitled: "Unpredictable Future: In Search of a New Post-Cold War Relationship"]

[FBIS Translated Text] The recent change in atmosphere in the Japan-U.S. relationship was vividly reflected at a luncheon meeting held in a Tokyo hotel last November. The guest of honor was James Baker, who was presidential chief of staff and treasury secretary in the Reagan administration, and secretary of state during the Bush administration. He is considered one of the possible Republican candidates in the 1996 presidential election.

The organizer of the luncheon, Keidanren [Federation of Economic Organizations of Japan], issued invitations to around 40 top corporations. According to a senior Keidanren official: "A few years ago, a big shot like Mr. Baker would have attracted more than 30 people." However, fewer than 10 corporate presidents attended, the rest merely sent proxies.

Arguing Against the U.S. Position

Furthermore, exchanges which would have been unthinkable in the past were heard. Baker criticized the idea of the East Asian Economic Caucus (EAEC) advocated by Malaysian Prime Minister Mahathir as "a scheme that will divide the Pacific region." This was a position Baker was known to hold, and it coincided with the official U.S. position. The corporate leaders objected, however, saying: "The purpose is not to form a bloc; it should not be criticized so harshly."

Baker reported flared up and said: "Japan, the number one ally [of the United States] should never take such action."

A new phenomenon has also emerged in the area of security, another major link between Japan and the United States. When NEW YORK TIMES publisher Arthur Sulzberger Jr. paid a courtesy call at the prime minister's official residence last September, Prime Minister Tomiichi Murayama told him: "If possible, we would like to retrench the U.S. military bases in Japan." While this was, of course, part of the Social Democratic Party of Japan's [SDPJ] usual policy, the fact that the words "retrench U.S. military bases" came from the incumbent prime minister indeed distressed officials at the U.S. Embassy in Tokyo, to whom the message was conveyed.

After the collapse of the Cold War structure, the old theory that Japan needed to protect itself under the U.S. nuclear umbrella to deal with the Soviet threat is hardly persuasive in Japan today. The prime minister's remark was probably a candid expression of such a mood.

Foreign Ministry Indifferent

However, at the government level, particularly in the Ministry of Foreign Affairs [MOFA] and the Defense Agency, there is no such pronounced feeling of the need for Japan to of "wean" itself from the United States.

According to Toshiyuki Takano, councillor at MOFA's North American Affairs Bureau: "The presence of U.S. forces contributes to regional peace and stability in Asia and the Pacific, and the Japan-U.S. Security Pact serves as a political basis on which to resolve wide-ranging bilateral issues." The government has now started to emphasize efforts to place the security treaty in a context which transcends bilateral relations. This is also in response to the fact the United States has begun to expand its focus from Japan to Asia as a whole.

However, MOFA and the other government offices do not seem to be seriously working to give substance to the bilateral relationship from a new viewpoint. There is also no indication of a desire to make the present visit of the prime minister to the United States a first step toward opening up a new phase in bilateral ties.

In early December, after plans for the prime minister's U.S. visit were almost set, Deputy Prime Minister and

Foreign Minister Yohei Kono said to Kunihiro Saito, administrative vice minister of foreign affairs: "You are so enthusiastic about the U.S. visit. What will the prime minister do in the United States?"

Saito could only answer: "It will be meaningful for the two leaders to meet and discuss the future at the beginning of this historical year that marks the 50th anniversary of the end of the war." Kono reportedly complained: "We need more concrete ideas."

Although this will be Murayama's first visit the United States as prime minister, he has visited twice previously, the first time in 1978. His links with the United States are weak, however, and he was, at first, reluctant to make the trip. He agreed finally, on condition that Kono accompany him.

No Political Preparations Being Made

Murayama, like most SDPJ politicians, criticized Japan-U.S. security arrangements for years. On 1 July, soon after he became prime minister, he told President Bill Clinton unequivocally on the telephone: "The Japan-U.S. relationship is the axis of Japanese diplomacy. We will maintain the Japan-U.S. Security Pact."

While he used the words "maintain the security pact," his position is actually a substantial departure from the Liberal Democratic Party's traditional position of positively affirming the presence of U.S. forces. The three ruling parties have not been seen to try to seriously bridge this gap.

A senior MOFA official says: "As long as the political chaos continues, there can be no major change in foreign policy. In the meantime, all we can do is engage in guerilla tactics." This seems to mean that the prime minister's U.S. visit is merely an expedient stopgap measure.

If, however, the political authorities are also unprepared to present a new strategy, despite the lip service paid to breaking free of "subservience to the United States" and moving toward "future-oriented" relations, Japan will be unable to draw up a new blueprint for U.S. relations for some time to come.

Part II

OW1101142595 Tokyo ASAHI SHIMBUN in Japanese
9 Jan 95 Morning Edition p 2

[Article by Washington correspondent Iryo Kimura; second of three in the series: "Japan-U.S. Relations; 50 Years and Beyond"; this one entitled: "Sea of Unconcern: Interest in Gaining Immediate Scores Blocks Long-Term View"]

[FBIS Translated Text] The senior Japanese and U.S. Government officials at the meeting were dumbfounded to hear it.

At the summit meeting between Prime Minister Tomiichi Murayama and President Bill Clinton in November, when they were in Indonesia to attend the Asian-Pacific Economic Conference (APEC) forum, the president started by saying: "Incidentally, would you please take care of the matter relating to permission for Federal Express (a major U.S. delivery company) to fly to Subic in the Philippines by way of Japan?"

That a president at a summit forum would make a plea on behalf of a private business came as a surprise. There having been no prior diplomatic-level discussion of the matter, the prime minister did not understand to what the president was referring, and mumbled: "I will check into it."

It was an incident which illustrated for Japanese officials the "Clinton way" of doing things—not caring which card he plays if there is a chance it will score a point for him domestically.

"Will This Help His Reelection?"

Two years have now passed since the start of the Clinton administration, and its attitude toward Japan is beginning to change. Simply put, there is less concern and enthusiasm for building up the Japanese-U.S. relationship on a long-term basis.

"Results-oriented" is the key Clinton administration phrase. When Japan contacted the United States to plan Murayama's January visit at the time of the APEC forum in November, officials said the White House reaction initially was to question the need for it, saying, 'he has just met Prime Minister Murayama,' and 'will it help the president score any points?'

In the United States, the new Republican-controlled Congress starts its new session in January. It may be true that this is no time for the president to be bothered about Japan-U.S. relations. But a staff official on the Senate Asia-Pacific Subcommittee also noted that "among people around the president, the question of Japan is never discussed other than in a very myopic context, such as 'how useful will it be in the 1996 presidential election?'"

The talk of the "Japanese threat" to the United States is diminishing as the U.S. economy makes a comeback. In its place, however, there is now concern and alarm about fast-growing China. According to Rabin, a senior researcher at the Rand Institute, "neither belligerence nor antipathy, but growing indifference to each other" is guiding Japan and the United States to distance themselves from each other 50 years after the war ended.

Every time trade frictions have flared up between Japan and the United States since the 1980's, it has been said that the Japan-U.S. relationship would be stable as long as the Japan-U.S. security arrangement remained intact—the theory is that the security pact works as a "safety valve" in the relationship. Now, however, even within that security-tied relationship, which appears

outwardly calm, there is a move to probe for something new beneath the surface. Joseph Nye, U.S. assistant secretary of defense for international security affairs, who is deeply involved in the U.S. government's policy formulation on Japan, in a speech in Washington on 5 January said: "We cannot define the complicated world of the post-Cold War era, using the old, used-up concepts of multipolar, bipolar, or monopolar powers. We must get out of the old framework of thinking."

Nye also talked about the concept behind the new U.S. strategy—getting the country involved only in areas where its national interests are a matter of life-and-death.

Impossible To Envision Future of Security Relationship

Then how will the Japan-U.S. security relationship, which is a product of the east-west, Cold War "bipolar confrontation," be positioned in the post-Cold War world?

An official of the Department of State said: "We hope to make the 50th post-war year one in which we reconfirm the value and role of the shared security relationship as the 'safety apparatus' that links the United States and Asia."

A Department of Defense official, meanwhile, said the weight of the two countries' relations will in future shift toward the exchange of military technology, Japan's provision of goods and services to U.S. armed forces, and cooperation on transportation. But even the United States cannot yet present an overall picture of what "global Japan-U.S. security cooperation" should be.

As this is the 50th year since Japan signed the protocols of surrender in the Pacific War, there will be a rush of ceremonies this year in the United States until "V-J Day" on 2 September. Moore, general secretary of the "Ceremony to Honor the Warship Missouri" that is to be held in the State of Washington, has declared: "We would like to turn the event into an opportunity to reconfirm Japan-U.S. friendship rather than for 'Japan bashing'." That is the magnanimous face of America, going beyond the simple thinking of love and hate.

Good Opportunity for Quiet Dialogue

But when the issue was raised about the "atomic bombing postage stamp," which carried a drawing of a mushroom cloud from an atomic bomb explosion, most American news media reports were conspicuously critical, such as the one in the ATLANTA JOURNAL which said: "Changing the drawing would render support to the view that makes it look as if Japan was a victim in the war."

If the American exhilaration at the 50th year of the war victory leads to a chain reaction which incites an anti-U.S. mood in Japan, there is the possibility that the history of Japan-U.S. relations will move backward.

Professor Seyer of Johns Hopkins University said: "If Japan-U.S. relations are to be reinvigorated, we must reinspect and look back on the history of Japan-U.S. relations."

What is needed now is that the two countries hold quiet dialogue, recognizing each others differences, rather than a touting of the slogan that "Japan and the United States share common values." This may be the best chance if the two countries want to prevent Japan-U.S. relations from falling into the deep sea of unconcern.

Part III

*OW1101143895 Tokyo ASAHI SHIMBUN in Japanese
10 Jan 95 Morning Edition p 2*

[Article by Washington correspondent Hiroaki Ito; third and final in a three-part series entitled "Japan-U.S. Relations: 50 Years and Beyond"; this installment entitled "Mature Japan-U.S. Relations Will Be Questioned—Now Is the Time To Reform Itself"]

[FBIS Translated Text] Announcing the resumption of negotiations on automobiles and auto parts under the Japan-U.S. economic framework talks, U.S. Commerce Secretary Brown said calmly: "This will be good news at the beginning of the year." He also said: "The decision by the two countries to resume the stalled negotiations on automobiles and auto parts on the eve of the Japanese prime minister's visit to the United States is a sign that Japan-U.S. relations will move forward in the future. I expect the day of resuming the stalled negotiations to be a day that both Japan and the United States will begin moving toward relaxing their confrontation."

"Leeway" Seen in U.S. Government's Stance on Japan

The results of regular public opinion polls taken in December by the NEW YORK TIMES and other American news media showed 51 percent of Americans polled feel that trade with Japan benefits the United States. In this way, more than half the Americans polled thought that trade with Japan benefited the United States. A public opinion poll taken ten years ago showed the percentage of Americans who thought trade with Japan did "not benefit" the United States outnumbered the percentage of Americans who thought that trade with Japan "benefited" the United States.

U.S. Trade Representative Mickey Kantor and other high-ranking U.S. Government officials have continued to criticize Japan since the Japan-U.S. economic framework talks started in July 1993. But they have toned down their criticism of Japan since Japan and the United States struck a partial deal during the economic framework talks on 1 October last year.

On 4 January, General Motors Corporation (GM) announced the restoration of bonus payments for the first time in five years at an auto show in Detroit. GM's announcement of the resumption of bonus payments demonstrated the good performances the American auto

industry has achieved. As the Japanese and U.S. economies have been recovering, U.S. corporations are regaining their competitiveness. Their leeway is now affecting the U.S. Government's stance on Japan.

From late last year to early this year, the U.S. Trade Representative's Office announced a list of sanctions against China with regard to the intellectual property rights issue. It also announced that the United States and India had struck a deal on opening the Indian textile market.

Japan Bashing

Explaining the change in the U.S. Government's stance on Japan, a senior Finance Ministry official said: "For now, the United States is not bashing Japan, but it is passing Japan." His remark means that the United States is bypassing Japan to move into other Asian markets.

The seeds of future friction between Japan and the United States have never been removed from the soil. The U.S. Commerce Department has projected that the "U.S. trade deficit with Japan in 1994 will hit a record high of \$62.7 billion." Professor Robert Florence from Harvard University has definitely said: "There has been a cycle of tensions and relaxation of tensions in Japan-U.S. relations. Friction will flare up again unless the closure of the Japanese market is addressed."

On 4 January, the Republican-controlled Congress opened its first session. Debates concentrated on such inward-looking matters as tax cuts, while putting aside U.S. foreign policy. A report reveals the Republican Party's policy on Japan. The report, compiled by the "Wednesday Club," a Republican Party policy research group, lists regulations, exclusive business practices, and high land prices in Japan. The report notes that these are impediments to foreign access to the Japanese market, and points out that Japan needs to reform its economic structure.

As priority trade issues that both Japan and the United States have to resolve, Barshefsky, deputy U.S. trade representative, cited "the relaxation of regulations, Japan's adoption of a competitive policy, and other structural issues such as the keiretsu issue."

Japan's responses to U.S. trade demands have been slow. The NEW YORK TIMES has demonstrated its disappointment and irritation with Japan's responses by saying in a banner headline: "Japan's Promised 'Changes' Have Always Ended in Mere Gesture." Etro Nibora, a senior researcher with the Brookings Institute, has warned: "This is not an issue that concerns only Japan. If Japan fails to grapple with the issue of high costs, it will lose its competitiveness and it will be under genuine foreign pressure, also known as the market mechanism."

What the United States is focusing on is Japan's relaxation of regulations and how Japan plans to handle the Asia-Pacific Economic Cooperation [APEC] summit and

ministerial talks. James Presstab, director of the Asia Research Center under the Heritage Foundation, said: "The way Japan handles the APEC summit and ministerial talks will be a test case for forecasting the future of Japan-U.S. relations."

As a host nation, Japan is under pressure to shape specific plans for the "liberalization of trade in the region by the year 2020." Japan is expected to encounter many difficulties coordinating between Singapore and China, which are reacting against the United States; and the United States and Canada, which are pushing for the liberalization of trade in the region. Japan itself will be asked to liberalize its trade.

Ambiguity Not Permitted

Japan has maintained friendly relations with other Asian nations while depending on the United States for conducting its diplomacy. This time, Japan will assume the hard role of coordinating all APEC member nations. Japan's "ambiguity" will not be permitted. The United States and other APEC member nations are trying to test Japan's "real intent" by thrusting extremely difficult tasks upon it.

"Japan-U.S. economic relations," which have been marked by a series of frictions during the post-war years, are now calm. Japan should take advantage of this calm time to reform itself and get a message of trade liberalization around the world instead of clinging to Japan-U.S. economic relations. This action by Japan would show that Japan-U.S. relations had developed into "mature relations," as former Prime Minister Hosokawa announced in Washington a year ago.

Reactions to News on WWII Anniversary Ceremonies

U.S. Documents Cited

OW1201080095 Tokyo KYODO in English 1053 GMT 11 Jan 95

[FBIS Transcribed Text] Washington, Jan. 11 KYODO—The United States plans to hold 23 ceremonies and events this year to commemorate the 50th anniversary of the end of the war against Japan, according to U.S. Defense Department documents obtained Wednesday [11 January].

Seven of the events, including a three-day ceremony in Honolulu in September, will be held under the official title of "VJ (victory over Japan) day," according to the documents.

Also planned are 14 ceremonies to commemorate the Battle of Iwo Jima, two of which will be held on the island in February and March, and two others to commemorate the battle for Okinawa, one of which is slated for June in Okinawa itself.

The events will be among the 86 the U.S. plans for this year to mark the 50th anniversary of the end of World War II.

Japan has indicated its reservations about the U.S. holding such ceremonies.

In a meeting Tuesday with Secretary of State Warren Christopher, Japan's Foreign Minister Yohei Kono noted the importance of Washington's "prudence" in planning these events.

The U.S. plans to hold official war commemoration ceremonies in seven countries, including Japan, Australia, the Philippines and Russia.

The largest ceremony to commemorate the victory over Japan is scheduled to occur in Honolulu starting Sept. 1.

The U.S. Government is considering inviting to the ceremony, which will be attended by President Bill Clinton, the heads of state or government from other countries, including Japan and Russia.

Tokyo, which fears any upsurge in anti-American sentiment among the people and does not relish the idea of attending such a ceremony along with Russia, has been covertly seeking a change in the plan. Japan and Russia have yet to conclude a peace treaty.

'One-Sided' View of War Criticized

OW1201101395 Tokyo SANKEI SHIMBUN in Japanese 8 Jan 95 Morning Edition p 2

["Editorial": "Japanese Urged To Have Positive Perception of War and To Calmly Search Their Souls Over the War in This Crucial Year"]

[FBIS Translated Text] It seems that many difficulties lie ahead in this historical year that marks the 50th anniversary of the end of World War II. At the beginning of the New Year, reports by some influential news media greatly exaggerated the "dark side" of the past war, leaving many Japanese feeling that something there was something still to explain.

In principle, the Japanese need to search their souls over the damage inflicted by them on Asian nations in the Great East Asia War. Some influential news media reported that almost all Asian opinion leaders have taken the view that the past war was an "aggressive war" and that Japan has neglected to search its soul over the past war and compensate for the damage it caused.

These reports were simply one-sided. Japan has by no means spent the past 50 years doing nothing. Successive prime ministers have taken every opportunity to express their clear-cut, soul-searched feelings over the past war, and His Majesty the Emperor has made remarks expressing deep remorse about the war.

We believe that a large number of Japanese have come to take a more balanced view of the past war because of positive [jisshoteki] research results and testimony at

home and abroad that have been done in the course of historically assessing the past war. Although some may argue against the interpretation of the war as aggressive, we would like to comment on several points from the reports.

The first point involves perceptions of the war. It goes without saying that few take a positive view of the Great East Asia War. It is true that Japan waged an aggressive war against China. However, Japan's war with the United States, Britain and the Netherlands was an "imperialistic war" waged between Japan and those Western colonial powers. The war not only had something of the character of a "fight between democracy and fascism," but also of a "national liberation war against Western colonial rule." Although we cannot boast of it, Japan hastened independence for some Asian nations as a result of the Great East Asia War. At the moment, Southeast Asian nations do not share this view, but it would be wrong to assert it was an "aggressive war."

Why Is Japan Still Compared To Germany?

The second point concerns Japan's war reparations. We believe that many Japanese are aware of the absurdity of the argument that Japan has yet to fully search its soul over the past war on the basis of a simple numerical comparison which shows that Japan's war reparations were smaller than those of Germany. Former German President Richard Weizsacker is said to have made highly ethical soul-searching statements (not apologies). Answering questions from reporters, the former German president once remarked: "The Nazi policy of exterminating Jews was a grave crime that is incomparable."

Germany was accused by the victorious powers of committing a "crime against humanity." The victorious powers tried in vain to accuse Japan of committing the same crime, because the Japanese did not commit the same sort of systematic massacre that the Germans had done during the war. An understanding is developing that the "crime against humanity" as well as the "crime against peace" were the result of the victorious powers unfairly applying "their ex-post facto law" to defeated nations.

The third point concerns the issue of whether or not the Showa Emperor was responsible for the war. It is true that in an attempt to smoothly carry out its occupation policy in Japan, the United States overrode the strong demand from some of the other victorious Allies that the emperor be held responsible for the war.

However, it was impossible to seek to hold the emperor responsible for the war because he, as a constitutional monarch, took formal political actions only with assistance of the cabinet and the high command. People were aware well that the Showa Emperor himself consistently hoped for peace. We cannot understand why some news media have repeatedly attempted to support the argument that the Showa Emperor was responsible for the war because of the deep trust he placed in then Prime

Minister Hideki Tojo and the fact that orders from the Imperial Army headquarters were issued in his name. Needless to say, we fully honor the work of verifiable research for a historical assessment of the past war.

Japan Needs To Look at the 'Different Levels of Distrust' It Provokes, and Also 'The Law'

The fourth point is that views of history and the war belong to the individual mental realm, and of course these views vary widely from nation to nation. No single correct view exists in the interpretation of history, and debate about the subject will continue for eternity. There are necessary conditions for making the debate fair and significant, and deepening the general perception of history. They are the full verification of facts (the number of casualties in the war, for example), taking into account the views of present-day people as well as the views of those who lived through the war, and remaining free of excessive emotion on the subject. These necessary conditions must be honored.

The results of a public opinion poll taken by an influential news media group have found that Asian nations, which suffered damage inflicted by Japan during the war, have differing levels of distrust of Japan. Why have influential news media not verified why there are these differing levels of distrust? During the war, influential Asian leaders tried to use Japanese power to gain independence for their nations, while at the same time treating Japan with great respect. It is bias not to mention their tough but positive statements made during the war.

The fifth point concerns some reports that appear to make light of "law." The "solution of issues by law" brings order to international relations. It was a war tribunal that sentenced 927 Japanese "war criminals" to death. It was our predecessors who worked hard to conclude a peace treaty with the United States and make war reparations. Japan's war reparations greatly contributed to building and renovating the infrastructures of Asian nations that received them, and Japan's subsequent economic aid to Asian nations have brought great results. The Japanese need to search their souls over the past war, but they should refrain from making excessive emotional responses.

V-J Day Plan 'Unacceptable'

OW1201115195 Naha OKINAWA TIMES in Japanese
12 Jan 95 Evening Edition p 7

[FBIS Translated Text] Kacho Hanashiro, head of the Okinawa Prefectural Government's Living and Welfare Department, frowned when he heard the report. He said: "In view of the Okinawan people's sentiments, it is unacceptable for the United States to hold a ceremony under the title of victory day at a time when Okinawa conducts a memorial service for the war dead." His department is in charge of conducting a "memorial service for the war dead on Okinawa" on Itoman City's Mabuni Hill on 23 June.

However, because the details of the U.S. plan have not been reported, Hanashiro was careful about his remarks, saying: "We will decide how we should deal with the U.S. plan after checking on the facts."

Ansei Kamiya, director of the Okinawa Association for the Bereaved Families of the War Dead, said: "If the United States holds a war victory ceremony in Okinawa on 23 June, I think that the sentiment of bereaved families will be opposed to it." However, noting the need to hear other executive members' opinions, he refrained from giving his view on the U.S. plan.

U.S. Consulate Denies Report

*OW1201123295 Naha OKINAWA TIMES in Japanese
12 Jan 95 Evening Edition p 7*

[FBIS Translated Text] Okinawan people are reacting strongly to a press report that the U.S. Defense Department plans to hold "ceremonies to commemorate victory" in World War II [WWII] and that some of them will be held in Okinawa on 23 June.

Some Okinawan opinion leaders have commented: "Such plans are unacceptable in view of local people's sentiments."

However, the U.S. Consulate General denied the reports about any "celebration," and said the planned events were to "mourn for fallen American soldiers and civilian victims of the war."

According to Vice Consul Thomas Reich of the U.S. Consulate General, the U.S. events to be held in Okinawa to mark the 50th anniversary of the end of WWII are not "celebrations," but memorial services to mourn for fallen American soldiers and civilian war victims. In connection with this, the commander of U.S. Forces in Okinawa ordered that things "be kept quiet on the 23 June memorial day."

Among the bigger memorial events, the U.S. Forces currently plan on-base parades and the opening of bases to local civilians. In addition, facilities named after soldiers with fine war records, such as Camp Kinser and Fort Buckner, will invite the families of those soldiers to flag-raising ceremonies. About 1,000 American veterans are expected to visit Okinawa to attend these events.

As the coordinator of these events, the U.S. Marine Corps in Okinawa defines the 50th anniversary as an occasion to "wish eternal friendship and peace between Japan and the United States."

Vice Consul Reich denied the report that "the United States will celebrate war victory in Okinawa," noting that "the report is based on a misunderstanding resulting from a lack of knowledge about plans made here."

MOF, MITI Preparing for Osaka APEC Summit

*OW1001054295 Tokyo ASAHI SHIMBUN in Japanese
5 Jan 95 Morning Edition p 11*

[FBIS Translated Text] The Ministry of Foreign Affairs [MOF] and the Ministry of International Trade and

Industry [MITI] have begun to make preparations for the summit and ministerial talks of the Asia-Pacific Economic Cooperation (APEC) forum which are scheduled to be held in Osaka in November this year. Japan, who will host the APEC summit and ministerial talks, will play the role of coordinating the issue of how to set the specific target for the liberalization of trade in the region that was incorporated into the "Bogor Declaration." As the host nation, Japan aims to present its own policies at the summit and ministerial talks.

The "Bogor Declaration" said 18 APEC member nations, including the United States, Japan, and South Korea, had reached an agreement that industrial nations will liberalize trade by the year 2010 and developing nations will liberalize it by the year 2020, respectively.

In his lecture in Osaka on 20 December 1994, Tetsuya Endo, ambassador in charge of the APEC, said, "I have decided not to use the term 'blueprint.' A high-ranking U.S. Government official, however, has stated, 'Mapping out a blueprint for the liberalization of trade in the region is the Japanese Government's responsibility.' The statement by Ambassador Endo is interpreted as Japan's reaction against the United States' attempt to have Japan play a key role in the liberalization of trade in the region."

Japan will propose establishing an economic relations group in the APEC as a nongovernmental body, and the MOF and MITI are now agonizing over how to define its status in the APEC. Bagustin [name as published], director of the International Research Institute in the United States, who serves as chairman of the Japan-U.S. Economic Relations Group on the U.S. side and is one of President Clinton's idea men, exerted a strong influence on the process of drafting the "Bogor Declaration" by advocating the need to set a target year for the liberalization of trade in the region.

Japan is under attack from some ASEAN members for "only speaking for the U.S. stance of pushing for the liberalization of trade in the region."

With regard to the economic relations group, the MOF plans to seek the opinions of leaders of the APEC member nations about the establishment of the economic relations group.

As one of Japan's own policies to be presented at the summit and ministerial talks of the APEC, the MITI and the Agency of Natural Resources and Energy intend to propose working out a long-term outlook for the supply and demand of energy in the entire region. The long-term outlook will be used to forecast how much energy resources the region will need by the year 2010, such as oil, coal and atomic power, and to what extent the region will be able to meet its energy needs by that year.

The consumption of energy has been growing rapidly in China and among ASEAN members, and the region is expected to depend heavily on the Middle East for

energy. Concerns about the impact of environmental problems caused by the emission of carbon dioxide and nitrogen oxide are growing in the region. For this reason, Japan aims to help other APEC member nations shape their future environmental policies by sharing the long-term outlook for the supply and demand of energy in the region with them.

The Agency of Natural Resources and Energy plans to invite researchers in other APEC member nations to Japan in 1995 to promote a joint research program aimed at formulating the long-term outlook for the supply and demand of energy in the region, and the researchers from the APEC members will stay in Japan for a long time. The agency is preparing to create an energy data information network linking the "Meng Yuan Research Institute" in China, the Energy Statistics Bureau in Australia, and other research institutes in the region.

'Dark Side' of UN Noted by Cambodian Minister
OW1101061795 Tokyo KYODO in English 0521 GMT
11 Jan 95

[By Susanne Ganz]

[FBIS Transcribed Text] Tokyo, Jan. 11 KYODO—The United Nations should learn from the dark side of its peacekeeping operations in Cambodia to avoid detrimental effects on local societies in the future, Cambodia's minister for culture and fine arts said Wednesday [11 January].

"Many UN personnel and many actions by the UN in Cambodia were marked not by having respect for but ignorance of the (local) cultures that has brought about a host of negative things upon Cambodia," said Nouth Narang in pointing to prostitution and rape.

"Military people raping women and young girls, such things didn't happen in the villages before," he said in an interview with KYODO NEWS SERVICE in Tokyo.

He said the introduction of money has undermined ethic values and disrupted traditional village communities where human relations used to be tied to the exchange of local products.

"The situation is disastrous at the moment, and it will stay that way," he said, adding that many people forget about these long-term consequences in the face of the positive factor of the UN peacekeeping of helping to bring together formerly warring factions in the country's first democratically elected government.

The Cambodian people have not retained "a very positive image" of peacekeeping activities since they brought only temporary improvements, he said, citing as an example the roads repaired by Japanese Self-Defense Forces that began to deteriorate soon after their withdrawal due to the lack of maintenance.

He said, however, this is not to reproach Japanese peacekeepers, calling their engagement in Cambodia "exemplary." It was Japan's first ever participation in UN-led peacekeeping.

Nouth Narang, 66, a member of Second Prime Minister Hun Sen's Cambodian People's Party, is also president of the Center for Documentation and Research on Khmer Civilization.

In turning to current cultural matters, he said his ministry wants to introduce Japanese as the third foreign language at Cambodian universities following French and English "to cooperate a lot with Japan in the future" and to obtain Japanese know-how for the country's development.

He said he hopes Tokyo will provide teachers of Japanese and basic equipment such as a language laboratory for the Royal University of Fine Arts in Phnom Penh.

"I've already submitted an official request, I'm waiting," he said.

Phnom Penh also needs funds and technical assistance to set up libraries and develop cultural centers in the countryside, he said, noting that he would like to see a greater U.S. presence in that field.

The minister also defended government restrictions that have been imposed on the mass media recently, noting that Cambodian journalists did not respect the "rules of the game," in alluding to often sensational and biased reporting.

Journalists must take into account that Cambodia is a still fledgling democracy where political passions are running high, he said.

He expressed confidence that democracy will gradually take root, providing Cambodia with "its own identity and the self-confidence fundamental for the liberalization of the press."

"I am for the principle of freedom of speech," he said. "We can not go back to the past."

Editorial: Learn From Mexico's Currency Crisis
OW1201004595 Tokyo NIHON KEIZAI SHIMBUN in
Japanese 7 Jan 95 Morning Edition p 2

[Editorial: "Lessons From the Currency Crisis in Mexico"]

[FBIS Translated Text] Mexico is now suffering from a currency crisis, though it seemed to have joined the family of advanced nations after overcoming the debt crisis of the 1980's. The value of the Mexican peso is still unstable despite international financial support by the United States and Canada, as well as Japan and European nations through the Bank for International Settlements (BIS). The cause of this currency crisis lies in the fact that Mexico overreached itself in trying to achieve

economic growth, though it was facing structural economic troubles, including its current account deficit.

It was appropriate that, promptly reacting to the sharp drop in the peso's value, the U.S. Government and other advanced nations have cooperated in supporting the country. In the post-Cold War world economy, not only the advanced nations' markets but also the newly emerging markets such as Mexico have made conspicuous rapid growth. For that reason, there was a danger that the currency crisis in Mexico would spread to other newly emerging markets through sensitive international capital movement.

However, it is impossible for Mexico to escape from the currency crisis only through the financial support of advanced nations. The bailout from the crisis depends on whether or not Mexico itself will be able to tackle reconstruction of its economy under new President Ernesto Zedillo.

Although the Mexican Government has spelled out emergency economic measures, including the reduction of its current account deficit, a cutback in general expenditures, and restraint on raising minimum wages, it remains questionable whether or not the government will be able to effectively implement the tight financial policy, which will force the people to bear a burden, while the disparity in wealth widens.

Mexico has probably been plunged into the currency crisis because it rushed into joining the advanced nations, ignoring the actual state of its economy, after joining the North American Free Trade Agreement (NAFTA) and the Organization for Economic Cooperation and Development (OECD).

Ironically, participation in NAFTA has brought about an expansion of its current accounts deficit through an increase in imports from the United States. The high interest rate policy of seeking the economic growth through the introduction of foreign capital was unreasonable. The sharp drop in the value of the peso—which was overvalued—following the transition into the floating exchange rate system is just a reflection of the actual state of the Mexican economy, including the huge current account deficit.

As a matter of course, the current currency crisis is not a revival of the Mexican crisis in 1982. The country has gained competitive strength in the export of goods other than petroleum as well, and its financial condition has improved. However, it is a fact that there was still a large gap between Mexico's self-confidence in having become an advanced nation and the actuality of its economy.

Lessons from the Mexican currency crisis must be utilized in newly emerging markets in the world, including other Latin American countries. There is a danger that the crisis in Mexico may spread to Brazil, Argentina, and other countries. The common factor among those countries is the instability of the current account balance,

which is the result of the debt crisis. Central and Latin American countries need to adopt a policy of steadily strengthening their export competitive power while restraining inflation.

At the same time, the advanced nations need to further solidify their cooperative relationship to prevent the currency crisis in Mexico from leading to international monetary instability. Now that connections among markets in the world, as well as links among various financial instruments, have deepened more than in the 1980's, prompt actions in light of market moves are needed.

Takemura Faces Bureaucratic Opposition to Reform

*OW1201123595 Tokyo EKONOMISUTO in Japanese
3-10 Jan 95 pp 15-16*

[Article by unidentified staff writer: "Finance Ministry: Reasons Why Finance Minister Takemura Sighs Heavily"]

[FBIS Translated Text] The biggest problem currently facing Finance Minister Masayoshi Takemura, who has steadily registered a list of satisfactory achievements by clearing such hurdles as tax system reform and compilation of the fiscal 1995 budget, is how to merge and abolish special public corporations.

He assumed a posture for appearances' sake when he said: "The problem should be tackled with such bold determination that they are cut by one third." But this attitude ended in anticlimax because he failed to get the vital cooperation of bureaucrats, compelling him to spend days wondering what to do next.

The Finance Ministry has three special public corporations—the Export-Import Bank of Japan, the Japan Development Bank and the People's Finance Corporation—under its jurisdiction. Former vice ministers are in charge of the three special public corporations, and leading Finance Ministry officials dare not touch "such great personalities," in an attempt to abolish, merge, or privatize the corporations.

The officials can be heard saying: "The Ministry of International Trade and Industry [MITI] is in an enviable position because it has more than 10 special public corporations under its jurisdiction."

MITI Minister Ryutaro Hashimoto, who treats Takemura unkindly as a matter of normal practise, seems to have increased his harassment as the 10 February deadline for reviewing special public corporations approaches. When he meets Takemura, he whispers into his ear in a deep menacing voice: "You had better start it in your ministry."

Whenever Takemura meets anyone working in the political or financial worlds, he publicly declares: "I will take action to merge or abolish at least one of them, no matter what attitude the bureaucrats take." But as soon as he

returns to the office, he becomes depressed and sighs heavily, saying: "What shall I do?"

Takemura could always wield his authority as minister as the last resort, if the bureaucrats cannot be persuaded by appeals. But he is waiting for the chance to succeed Murayama as a prime minister, and so feels it would greatly disadvantage him to quarrel with the Finance Ministry bureaucrats, and so his agony worsens as the days go by.

Toyota Discusses 'Hollowing Out' of Industry

OW0601052395 Tokyo TOKYO SHIMBUN in Japanese 4 Jan 95 Morning Edition p 3

[FBIS Translated Text] On 3 January, Shoichiro Toyoda, president of Keidanren [Federation of Economic Organizations of Japan], issued a New Year's message entitled "Aiming for an Economic Society Full of Vitality and Creativity."

The message expressed a sense of crisis over the present state of Japan's economy by saying: "Japan is faced with a crisis following a drastic appreciation of the yen. The hollowing out of the manufacturing industry and the financial industry is now occurring in Japan. If this situation is left untouched, the entire society would lose its vitality." While stressing the need to relax regulations and revamp the current system of the economic society, the message strongly urged the business community to work to display a spirit of enterprise, develop new technologies, and pioneer new business and industries.

As priority goals for the business community, the message cited five points, three of which are that: 1) The business community should vigorously lobby the government to shape new fiscal and monetary policies and carry out them properly to keep the economy recovering; 2) industrial circles should get over pains resulting from the appreciated yen and work for the relaxation of regulations; and 3) both the business community and industrial circles should take measures to develop human resources with a wealth of creativity.

President Toyoda has asserted that "no new technologies or bold ideas which can be applauded by the rest of the world would come out of Japan's conventional education system, which emphasizes memorization." The message referred to the development of human resources in reflection of his assertion. This is the first time that Keidanren, in its president's New Year's message, has referred to the development of human resources. Keidanren plans to inaugurate an education panel to be headed by Vice President Kenichi Suematsu (president of the Sakura Bank) within this month. Keidanren will compile an agenda of proposals for revamping the current education system after one year of discussions by the panel.

Masaru Hayami, president of the Japan Association of Corporate Executives, has issued his New Year's message entitled "The Acceleration of Reforms—Market

Dynamism." The message said: "Pending issues such as political reform and tax system reform have almost been settled. But the structural reform aimed at abolishing bureaucratic regulations and restoring the market function in order to pave the new way for the Japanese economy to revitalize has made little visible headway."

The message has also stressed: "Measures should be taken to restore the market function and keep people, goods, and money moving. Japan should rebuild its economy into one that is able to respond to changes taking place at home and abroad."

Ministry To Provide Loans for Future Farmers

OW1201130595 Tokyo KYODO in English 1118 GMT 12 Jan 95

[FBIS Transcribed Text] Tokyo, Jan. 12 KYODO—The Ministry of Agriculture, Forestry and Fisheries drew up a bill Thursday [12 January] aimed at providing loans to young people entering the farming business for the first time, ministry officials said.

The bill will be presented at the Diet's ordinary session to be convened later this month, and aims to secure successors for the farming industry.

It is part of the government's plans to revitalize domestic farms ahead of the partial liberalization of the rice markets this year as agreed under the Uruguay Round of world trade talks.

Under the new law, a young person hoping to enter the farming business will submit a plan to the prefectural governor describing details and aims of the new business.

If approved, the person will be able to get a loan from a farming center for young people which is planned to be set up in each prefecture.

Interest-free loans of up to 50,000 yen per month will be offered for people receiving training at agricultural colleges, while people being trained at innovative farms will be eligible for loans of up to 150,000 yen.

Loans of up to 1.5 million yen will also be available to use for moving and other preparatory expenses to enter the farming business.

The government has already appropriated 7.2 billion yen in such loans in fiscal 1994 and 2.1 billion yen in fiscal 1995.

Future of Murayama Administration Assessed

OW1201104395 Tokyo SHUKAN DAIYAMONDO in Japanese 31 Dec 94 p 22

[Article by political commentator Toichi Suzuki: "The Three-Party Coalition Cabinet is Expected To Last, But Prime Minister Murayama Will Resign After Upper House Elections"]

[FBIS Translated Text] It is expected that the Murayama administration, although it is undergoing great difficulties, will make stable progress until the upper house election scheduled for July. This administration, inaugurated on 30 June, 1994, has lasted for six months, outlasting greatly the Hata administration, which collapsed only two months after its inauguration. It is certain that the Murayama administration will outlast the Hosokawa administration, which lasted for eight months.

The "stability" mentioned above has several meanings: For one thing, the coalition of the Liberal Democratic Party [LDP], the Social Democratic Party of Japan [SDPJ], and Sakigake [Harbinger] is stronger than was initially thought.

The following can be said of the LDP, which had long been a ruling party: "Constitutionally, the LDP cannot function as an opposition party."

The LDP is worthless if it falls into an opposition party. The LDP dietmen are fully aware of that fact. Taking advantage of the trouble within the former ruling coalition parties, the LDP has regained power in league with Sakigake and the left wing of the SDPJ.

Under the Murayama coalition administration, the LDP is taking a low posture and is thinking of "making every compromise to maintain its political power." In personnel matters, the SDPJ occupies the posts of prime minister (Murayama), chief cabinet secretary (Igarashi), speaker of the House of Representatives (Doi), and chairman of the Committee on the Budget (Sato). In the House of Representatives, the ruling parties hold 293 seats in all: 200 seats by the LDP, 72 seats by the SDPJ, and 21 seats by Sakigake. In the House of Representatives, the seats held by the ruling parties exceed a majority by 37. The SDPJ occupies the highest positions of legislation and administration, although its numerical strength is one-third of the LDP's. Therefore, the SDPJ has no right to complain.

The SDPJ is making every possible effort to support and maintain the Murayama administration. The SDPJ has transformed itself in a conspicuous way not only by endorsing "firm maintenance of the Japan-U.S. Security Treaty, but also by recognizing the Self-Defense Forces as being constitutional." These two issues had long been the causes of estrangement between the LDP and the SDPJ. The SDPJ has also agreed to "a five percent increase" in the consumption tax.

The three coalition parties, including Sakigake, have a deep attachment to the maintenance of political power. Sakigake first left the former coalition administration because of the internal confrontation of the coalition parties, and the SDPJ followed suit. This lesson remains strong with them.

The second reason for the coalition government's stability is that the moves by the New Democratic League,

headed by Yamahana, which shook the SDPJ, broke down despite a great fanfare—"New Democratic League To Become New Party; SDPJ To Split". Shinshinto's (New Frontier Party) inauguration, "which was supposed to be held in September," was postponed until "10 December." The reason for the postponement is considered to be "Ichiro Ozawa's expectation that the New Democratic League would split the SDPJ." However, labor unions behind the New Democratic League were weak; moreover, the Japan Postal Workers' Union failed to act in concert with the Japan Telecommunications Workers' Union; wariness arose as to Ozawa's strategy. All these conspired to make the New Democratic League's moves stagnant. It is safe to say that "there will be no great split in the SDPJ, although there may be four or five dropouts."

The third reason for the coalition government's stability is that discord between Ozawa and Hata-Okuda is escalating within Shinshinto in connection with the election of its leader. This is further dampening Shinshinto's mood, which is already suffering from weakened enthusiasm. The prevailing view is that "Shinshinto no longer has the power to drive the Murayama administration to its dissolution."

Premiership's Heavy Pressure

What are the coalition government's unstable elements? There are two: One is that the SDPJ is likely to lose not only in the unified local elections in April, but also in the upper house elections in July. One SDPJ leader said: "There are 12 SDPJ candidates for prefectural assemblymen in Oita Prefecture, which is Murayama's home town. However, 10 of them are likely to run as independents because they cannot fight on the SDPJ ticket. The SDPJ had run about 300 candidates for every ward, town, and village election in Tokyo, and won 240-250 seats. As of now, the candidates do not total 200."

Former SDPJ Chairwoman Takako Doi once resigned her position, taking responsibility for the defeat in the local elections. A setback in the local elections may not topple the Murayama administration, but it will certainly cause damage to the administration.

A defeat in the upper house elections may cause decisive damage to the administration. It has been predicted that "moves will be made towards a government political change on the very day the upper house election ballots are being counted."

Another of the Murayama administration's weak points is that Murayama has no confidence in himself as prime minister and is always in great trouble. A certain political reporter said: "The Murayama administration is similar to the Zenko Suzuki Cabinet. Like Suzuki, Murayama finds the premiership's burden too great. It is highly probable that Murayama will give up the premiership all too soon."

In short, there is a strong probability that Murayama will drop the government reins after the upper house elections in July. Who will be the next prime minister, then?

The prevailing view is that: "It will be difficult for the LDP to produce a prime minister until the next general election." Then, "Takemura will succeed Murayama as prime minister." This is one prediction. However, the LDP is firmly opposed to Takemura becoming prime minister because he has served only three terms in the Diet.

So another prediction is that: "If the SDPJ is to produce a prime minister, former vice chairman Shigeru Ito will be the one." It was for this purpose that in late December, Shigeru Ito organized the Monday Study Group by gathering SDPJ centrists. It is said that Murayama is encouraging Shigeru Ito. In short, there is a feeling that the three-party coalition administration will continue to exist but that the Murayama administration will last only until next summer.

SDPJ Rebels To Form New Diet Group 16 Jan

OW1201105495 Tokyo KYODO in English 1005 GMT 12 Jan 95

[FBIS Transcribed Text] Tokyo, Jan. 12 KYODO—Rebels in the ruling coalition Social Democratic Party (SDP) [SDPJ—Social Democratic Party of Japan] will set up their own parliamentary group on Monday [16 January] to pave the way for a new party to replace the SDP, according to a decision taken Thursday by a preparatory panel.

Sadao Yamahana, head of the rebel New Democratic League (NDL), and three opposition lawmakers met and decided to hold a general assembly meeting of the planned parliamentary group on Monday and register the group as early as Tuesday at the House of Representatives, sources at the meeting said.

Yamahana and the three others—Tatsuo Kawabata of the opposition alliance Shinshinto (New Frontier Party), Banri Kaieda of the New Democratic Club and Takashi Awamori of the Democratic Reform Party—launched the preparatory forum on Jan. 6.

The Monday general assembly meeting will discuss who will be the officers of the parliamentary group, the sources said.

The NDL has aimed at establishing a new party before an ordinary Diet session convenes on Jan. 20, but the four dietmen rejected the idea, they said.

Instead, they decided to speed up preparations to form a new party before nationwide local elections in April, the sources said.

Yamahana told reporters that about 30 members of the NDL, which is said to have grouped some 60 SDP lawmakers, will join the preparatory panel, and that the number will increase.

Yamahana, a former SDP chairman, believes that those who join the panel will become members of the planned parliamentary group, he said.

Yamahana also said he will not submit to the SDP any notice that he is leaving the party when he forms the parliamentary group. He apparently wants to see whether the SDP will expel him and the others after they leave.

Kawabata said the establishment of the new parliamentary group is not aimed at bringing down the tripartite coalition government led by SDP chairman and Prime Minister Tomiichi Murayama.

The SDP formally decided Thursday to hold an emergency party convention on Feb. 11 to discuss a plan to dissolve itself and form a new party, in a bid to avoid a party split, party officials said.

The SDP's leadership body, the central executive committee, decided that basic policy outlines and an action program for the new party will be presented to the meeting, the officials said.

A meeting of the new party policy-drafting committee met in the afternoon and discussed an agenda for the congress, SDP officials said.

The SDP forms the ruling coalition with its long-time ideological foe, the Liberal Democratic Party (LDP), and an LDP splinter group, New Party Sakigake.

The NDL has advocated that the SDP hurry to dissolve itself and gather Japan's "democratic and liberal" forces together to rival Japan's two conservative parties—the LDP and Shinshinto.

Yamahana has quickened the pace to set up a new party, in defiance of Murayama and his supporters, who remain cautious about an early launching of a new party.

SDP Secretary General Wataru Kubo proposed at the central executive committee meeting to accept Yamahana's planned new bloc as a forerunner for the new party, according to SDP sources.

Kubo wants to see most SDP members join up with Yamahana after the elections in April and jointly create a new party, they said.

But some of Murayama's close followers, who view Yamahana's action as undermining the government, are calling for expelling the group from the party, according to SDP sources.

Murayama on 'Rebel' Members

OW1201115795 Tokyo KYODO in English 1124 GMT 12 Jan 95

[FBIS Transcribed Text] Washington, Jan. 12 KYODO—Prime Minister Tomiichi Murayama said Wednesday [11 January] rebel members of his Social Democratic Party (SDP) [SDPJ—Social Democratic Party of Japan] are likely to be expelled from the party if they form a new parliamentary group.

He told reporters at an impromptu late night press conference at a Washington hotel that the option of expulsion is based on past precedent.

Murayama said any attempt by the dissidents to form a grouping would be handled by the party's leadership body, the central executive committee, as well as a committee which monitors observance of party rules.

"From previous examples, if you leave the party and set up a new parliamentary grouping, you get expelled," Murayama said but added the party will have to take all circumstances into account.

Murayama, who arrived in Washington on Tuesday for a summit meeting with President Bill Clinton, said he has entrusted the matter to Secretary General Wataru Kubo, the SDP's No. 2 man.

"It wouldn't be appropriate to say anything which sounds as if a conclusion has been reached," Murayama said.

Asked about a proposal to reshape the party as a "democratic liberal" party, Murayama said, "the necessary preparation has to be done."

Sadao Yamahana, head of the rebel group called the New Democratic League, and his sympathizers are threatening to leave the party in time for the next Diet session which begins Jan. 20.

Yamahana said Thursday he and other rebel members will form a parliamentary group, a precursor for a new party, in the House of Representatives or lower house Monday.

Yamahana, a former SDP chairman, told reporters that some 30 of the group's 60 lawmakers in the lower house and the House of Councillors or upper house will join the preparatory panel for a new party. The SDP holds 70 seats in the 511-seat lower house and 68 in the 252-seat upper house.

The party Yamahana and his supporters plan to form aims to challenge two biggest conservative parties—the Liberal Democratic Party (LDP), the SDP's coalition ally, and newly established opposition Shinshinto (New Frontier Party).

Murayama and his supporters, however, fear any such move at this stage will split the party and destabilize the governing tripartite coalition to which the SDP belongs.

The SDP decided Thursday that it will hold an emergency party convention to discuss a plan to dissolve itself and form a new party in a bid to avoid a party split.

Murayama said he is aware that Yamahana has said he intends to support the Murayama administration and strengthen its base, but Murayama said, "I'm not convinced... It doesn't make sense."

He further said, "due preparations are needed to form a new party. (We) should not be hasty."

Asked if he would consider reshuffling the cabinet or dissolving the lower house if a large number of SDP members quit the party, Murayama said a reshuffle will not be necessary because the central executive committee membership is not related to the cabinet.

He also ruled out a lower house dissolution.

Murayama is due to arrive back in Japan on Friday.

LDP Leaders Comment

OW1201121095 Tokyo KYODO in English 1128 GMT
12 Jan 95

[FBIS Transcribed Text] Tokyo, Jan. 12 KYODO—The ruling alliance should expel rebels in the Social Democratic Party (SDP) [SDPJ—Social Democratic Party of Japan] from the ruling camp when they leave the SDP's parliamentary group and launch one of their own, executives of the ruling coalition partner Liberal Democratic Party (LDP) said Thursday [12 January].

LDP leaders, including Vice President Keizo Obuchi and Secretary General Yoshiro Mori, met and exchanged opinions on how they should deal with the planned formation of a Diet group by the new Democratic League (NDL), a rebel group within the SDP, LDP sources said.

The executives reached an accord that such a new parliamentary group will not be admitted as a member of the three-party ruling coalition of the SDP, LDP and small LDP splinter group New Party Sakigake, they said.

League head Sadao Yamahana, former SDP chairman, and three opposition lawmakers met Thursday and decided to launch a new parliamentary group Monday to pave the way for a new party to replace the SDP.

One of the LDP members said after the gathering that it is clear that the panel of legislators preparing for a new party wants to be allied with the opposition Shinshinto (New Frontier Party).

Yamahana has said the planned Diet group will keep supporting the coalition government led by SDP Chairman and Prime Minister Tomiichi Murayama.

SDPJ Ousts 2 Rebels

OW1201093995 Tokyo KYODO in English 0858 GMT
12 Jan 95

[FBIS Transcribed Text] Tokyo, Jan. 12 KYODO—The Social Democratic Party (SDP) [SDPJ—Social Democratic Party of Japan] told the lower house on Thursday [12 January] that two rebels will be leaving its Diet group in the lower house.

The development came on the heels of a decision by the party to oust Hideko Ito for attempting to run for the Hokkaido governorship next spring against a party decision and Tatsukuni Komari for trying to form his own party.

The SDP, the Liberal Democratic Party and New Party Sakigake together make up the ruling coalition.

SDPJ's Yamahana Comments

OW1101151095 Tokyo NIHON KEIZAI SHIMBUN in Japanese 7 Jan 95 Morning Edition p 3

[FBIS Translated Text] There are a number of reasons why Sadao Yamahana, New Democratic League [NDL] chairman of the Social Democratic Party of Japan [SDPJ], insists on forming a new party in January.

First, he believes that "moves to form a new party after the Diet begins its session will lead directly to political changes, such as dissolution of the Diet and a general election."

Yamahana made the following remark during a speech in Otsu City last November: "Considering there will be a major change among the members of both the upper and lower houses, the realistic timing [for forming a new party] will be before the regular Diet session is convened. After that, it will be difficult."

Within the SDPJ, in consideration of the Murayama administration's position, it is believed that moves to form a new party after the regular Diet is convened "will give the opposition a good excuse to derange the administration, and may trigger moves to topple the cabinet." Moreover, once parliamentary groupings are registered with the Diet, dietmen tend to be bound by them, and it will be difficult for them to move around.

On the other hand, other NDL members are beginning to argue that, "It will still be possible to launch the new party in July, after the regular Diet session is closed and the upper house elections are held."

However, Yamahana foresees that the SDPJ will suffer a crushing defeat in the simultaneous local elections in April and the upper house elections in the summer, after which no party will be inclined to be the SDPJ's partner in forming a new party. In such a case, plans for the new party will be aborted, and the SDPJ can only disband itself in disgrace.

Dietmen belonging to the former Democratic Socialist Party [DSP], which were considered prospective partners in the new party, joined Shinshinto [New Frontier Party] in December. Thus, the second reason that gives Yamahana a sense of urgency is the feeling that "it will be too late if something is not done" to lure them back to a united force of liberals "before Shinshinto can consolidate its ranks." (according to a senior NDL official)

Dietmen belonging to other parties who are interested in joining the new party are also beginning to say: "If you do not make the decision to leave the SDPJ soon, we cannot work with you."

At the individual level, dietmen have a more compelling reason [for wanting to form a new party soon]—elections. One dietman laments that, "If nothing is done

about the present situation, we will just have to sit down and wait for our own demise." There is a growing sense of crisis with regard to elections.

By the end of 1994, the Liberal Democratic Party [LDP] had come out with its first unofficial list of candidates in 109 single-seat constituencies for the lower house. If the SDPJ is to fight all forthcoming elections without an organized campaign strategy, it is perfectly imaginable from the humiliating results of the December election of the Ibaraki Prefectural Assembly that it will lose a significant number of Diet seats.

In late 1994, Yamahana made an estimate of the number of seats that the SDPJ would be able to retain if it fought the general elections and the upper house elections as the SDPJ. It became clear that the results could be worse than he had imagined: "Among the 300 single-seat districts [of the lower house], it is doubtful whether more than 10 [SDPJ candidates] would be able to put up a credible fight; and among 47 upper house members seeking reelection, it might be difficult for even half of them to get elected." This is behind the growing conviction that "the elections cannot be fought without forming a new party." (according to a senior SDPJ official)

Another significant factor is the fact that some labor unions, such as Zentei [Japan Postal Workers' Union] and Zendentsu [All Japan Telecommunication Workers' Union], have become staunch supporters of Yamahana. Even senior NDL officials admit that "one important factor that contributed to Mr. Yamahana's determination is his moves in supporting labor unions."

Last July, soon after the Murayama administration's inauguration, it was Chairman Ito of Zentei who suggested to Yamahana plans for forming a policy group aiming at uniting the liberal forces to counter the two conservative camps. Zentei and Zendentsu, with their control over campaign funds and votes, have consistently worked for the early creation of a new party centering around the dietmen hailing from these unions who belong to the NDL.

However, Jichiro [All Japan Prefectural and Municipal Workers' Union] and Nikkyoso [Japan Teachers' Union] have maintained a cautious attitude toward the forming of a new party. While the policy group "Democrats," the predecessor of NDL, opposed the SDPJ's coalition with the LDP during the political changeover last June, Jichiro eventually accepted the SDPJ-LDP coalition, resulting in a rift in the solidarity between the two groups. NDL is also conscious of the "lesson" learned from the Democrats' experience, that dissension among the supporting labor unions will make it difficult to consolidate dietmen coming from various unions.

*** DSP's Yonezawa Discusses Successor Party**

952B0064A Tokyo SEIKAI SHUNJU in Japanese Dec 94 pp 16-21

[Interview with Takashi Yonezawa by Keiichiro Nakamura; place and date not given: "Keeping 'The Spirit of the Democratic Socialist Party' Alive in the New Party"]

[FBIS Translated Text] *Takashi Yonezawa, chairman of the Democratic Socialist Party (Miyazaki, District 1)*

Fifty-four years old. Elected seven times. Graduated from the Law School, Kyoto University. Joined Asahi Chemical Industry Co., and became secretary general of the All Asahi Chemical Industry Union. A member of Miyazaki prefectural assembly. Elected to the lower house of the Diet for the first time in 1976. After becoming a member of the lower house Social and Labor Affairs Committee and the lower house Finance Committee, and then after becoming chairman of the Democratic Socialist Party [DSP] Policy Board, and the secretary general of the party, became the chairman of the party's Central Executive Committee.

Every Day Mixed Feelings About Formation of the New Party—Walking Forward, Overcoming Confusion and Emotion

[Nakamura] Many things have happened this past year and the Democratic Socialist Party was dissolved while you were chairman, and the new party is to be formed. I think you must be filled with deep emotion.

[Yonezawa] Right now, we are going through various arguments towards the formation of the new-new party on 10 December. One part concerns dissolution of the DSP, and the other is a forward-looking discussion for wrapping the heritage of the Democratic Socialist Party of 35 years in a kerchief and extending it, so I have been having a busy schedule every day. But, when I hear about the new party preparation committee or the dissolution meeting, I feel lonely or nostalgic and thoughts about whether it was all right to do this go around like a kaleidoscope in my mind. But on the other hand, I encourage myself by telling myself this is all right if we can keep our spirit in the new-new party, and it is a fact that I live every day with mixed feelings.

[Nakamura] When I was a newspaper reporter a long time ago, I visited Mr. (Suehiro) Nishio at a villa in Gotenba and talked to Mr. and Mrs. Nishio. Thirty-five years have passed since then. From the beginning, Mr. Nishio talked about a system that would make a change in government possible, or about the realization of the Socialist Party. So, even though the current Democratic Socialist Party will be dissolved, I wonder if this means that he has realized his ambition.

[Yonezawa] Within that meaning, while I do not show it, it is a fact that I am proud of it in a way. I am filled with deep emotion when I think the Social Democratic Party of Japan [SDPJ] has found common sense at last, and I also feel emotional when I think it has taken so long to reach this point, and I feel like I want to declare victory in my heart.

[Nakamura] I see. But the Democratic Socialist Party has a history and there are supporting organizations and members. Now you talked about a declaration of victory, but those people, the individuals, may not be satisfied....

[Yonezawa] Of course, they are human beings, so they have feelings and when we think about how it is in the light of reason, I think there are various emotions and thoughts. It is natural for the members who had held out since the establishment of the Democratic Socialist Party to feel forlorn about losing the name, the Democratic Socialist Party, and to feel confused about whether it is really all right, while on the other hand thinking it is all right.

However, I would like to walk looking ahead, thinking that it is the new party, and that other people would be attracted by the Democratic Socialist Party's attitude and support it by overcoming confusion and emotions and handing over its spirit to the new. I believe this feeling is the source of energy for our action.

Misunderstanding Caused by Both Leader and Chief Secretary Coming From the Former LDP; Still Fragile Management Function of 10 United Parties and Groups

[Nakamura] Well, I would like to ask several raw questions. When you visited South Korea, you said at the news conference "it is strange for the new-new party to have both its leader and chief secretary come from the former Liberal Democratic Party [LDP]," didn't you. So, will the direction of your assertion actually be attained?

[Yonezawa] I said so because I thought it had to be attained. If the personnel are structured with people as a pillar whose roots are in the LDP, even if they are not pleased with the LDP, it would seem to the people that it is unclear, inviting a controversy such as that even if it is called a new party, if you look at it from the outside, it is only formation of a new party under a different name after breaking up the LDP, or that it is only a formation of two conservative parties. Even if this is not so, the phrase only a formation of two conservative parties has taken on a life of its own, and, as a result, it is bound to cause various misunderstandings. In brief, I said my honest feelings that it will be an obstacle for the development of the new party.

[Nakamura] I completely agree with you. Since it is a new party, I think both the policy and the personnel must appeal to the people. The policy also must be different from one which has the LDP as the main pillar. For example, personal slander stands out among the questions at this session of the Diet, except for those from the Chief Secretary, Nakano. Under such circumstances, I had doubts whether there really is meaning in starting the new party.

[Yonezawa] Not much time has passed since the formation of the lower house group "Kaikaku" [Renovation], and since it is a composite of 10 parties and groups, the overall managing function is generally weak. Within that meaning, there are feelings running about how this is as a matter of "renovation," and about how we will fare in forming the new-new party, but the actual condition is that this is still in a state of struggle. Under these

circumstances, the extraordinary Diet session is being held. This is the biggest reason for this being pointed out.

At the same time, merely presenting a sound argument does not make the story of parliamentary democracy go smoothly. A sound argument needs an opponent to receive it.

SDPJ Not Genuine Unless Changed From the Base—New Election Districts Difficult Choice, But the Times Demand It

[Nakamura] I understand very well. It is because they say things such as the theory on the constitutionality of the Self-Defense Forces and approval of the consumption tax, which are different from what they had said before, are not a violation of their public pledges.

[Yonezawa] I don't think there is that generalization. When the SDPJ decided to change things, looking back at what they had said and what they had done, I think it must value democracy within the party, and I don't think it is genuine unless it is changed by building up from the base. Under the Hosokawa administration, the story was that it was all right for each party to have its own policy, and since the government was formed, to have discussions with everyone.

Now that Murayama has become prime minister, there has been a big turnabout since he does not know how to do things properly. However, looking at the party convention on 3 September, 40 percent were opposed. Judging from the tendencies up until now, I think they are going to know how to do things properly within the party. At the lower level, there will remain conflicts against nuclear power generation and against military bases. Under such circumstances, in the future it will be asked what the real opinion of the whole SDPJ is. I wonder if they can state that clearly in the "'95 Declaration" next fall. I see there will be a storm before that.

[Nakamura] Even if the DSP is in the unified parliamentary group "Kaikaku," if the SDPJ has really changed on the tax system, the signing of the Uruguay Round, and the PKO [peacekeeping operations] dispatch to Rwanda, the DSP is willing to cooperate, isn't it?

[Yonezawa] That is right. We are not in the position to disagree with or be against something good.

[Nakamura] Does that go for the redistricting in the new election system as well?

[Yonezawa] Since we have been appealing for political reform so far, we are hoping for the early establishment of the redistricting bill.

[Nakamura] Even if it will not be profitable for the DSP, you have been overcoming this and appealing for redistricting haven't you?

[Yonezawa] Yes. I am sorry to bother you about a personal matter, but Miyazaki Districts 1 and 2 will be divided into three districts. My District 1 will be the new

District 1 and 2, but judging from the past election, it will be almost impossible for me to be elected. It used to be two people from the LDP, but under the new system, it will be a unified candidate, so if they get 10, I will only be able to get five.

[Nakamura] Either from District 1 or District 2?

[Yonezawa] Looking at the actual record of votes gained in the past, choosing the small electoral district naturally was almost suicidal. But still we pushed the arguments such as let's restructure the political world, let's make an arena in which a change in government will be possible, and let's change the Japanese political world which reflects the cold war between the East and West. And we feel that there are certain periods of time in which politicians must bear the burden of their mission, and that these times demand that they cannot bend just arguments.

Defects of the LDP-SDPJ Administration, Not Reflecting the Peoples' Opinion; Dissolution and General Election Natural After New System

[Nakamura] After insistence and action, political reform has come to the final stage. Two coalition governments have already been formed and, furthermore, the coalition government of the LDP, SDPJ, and Sakigake [Harbinger] was formed. The political reorganization process is now taking place and no one knows how it will be changed. Relating to this, I have not changed my mind that the prime minister should make an appeal to the confidence of the people after finalizing the redistricting under the new election system.

[Yonezawa] I think it will actually be very hard on the candidates if the election is done early. However, some part of me wants an early election. There are these two sides mixed in me and, to tell you the truth, I have mixed feelings.

But I think that the biggest fault is that the LDP-SDPJ government did not reflect voter opinions at the last election. The LDP has been corrupted during the administration which lasted for 38 years and it does not have the predisposition to talk about a new politics any more. I think it was the people's opinion which made the vote less than a majority, and at the same time there is the issue of how to look at the fact that the SDPJ decreased by half.

Especially, even though there was not any handicap for the SDPJ, the people did not cheer the SDPJ, which was first among the opposition parties, when the LDP was not doing well. I think that was a tragedy of Japanese politics.

I think the theory that the two parties rejected by the people can combine to get the numbers to take power goes against democracy. Even so, if they are going to take power, they should ask for the judgment of the people. It is a desecration of the parliamentary democracy to take power without a christening. So it is natural for public

opinion to arise that we should have an election according to the ordinary way of parliamentary democracy after the new system is put into place, and what the politicians should do is face it directly. This is my opinion.

[Nakamura] I see. You mean that they should appeal to the confidence of the people, not because the new-new party can win through an early dissolution and a general election, but as a rule of democracy.

[Yonezawa] If we say so, then we also have to form the structure as a new party, and we are continuing to hurry and do this.

Forming a Third Pole Understandable in Theory, But Too Late—Three Pole Design a Benefit to LDP at Election

[Nakamura] A part of the SDPJ and a part of the DSP, Sakigake, and the LDP proposed the formation of a third pole, but I hear that you feel it is too late. Hasn't your feeling changed?

[Yonezawa] I think so. For a small political party, the biggest concern is what is going to happen at the next election to the fellow members who have been partners. Even if all sorts of small parties gather up against the big LDP, if they cannot cooperate at the election, it will simply become a matter of choosing the course for weeding out. Even though it is a small party, as a leader of the party I feel I cannot kill fellow members of the party. If it was in the medium election district system I would have agreed, but in the small election district system, the three pole theory means dividing the fellow members in two, and it sounds like an appeal which may result in benefiting the LDP. In that meaning, I understand the theory, but it is too late. We are already running, and we can see the goal. But they cannot see the goal. Even if they say they want to debate, I honestly think it is troublesome.

[Nakamura] You mean that under the new system, as the two big political parties gain in power, even if you try to have a third power, actually it is not possible.

[Yonezawa] If they are going to work together as the New Party, since it is the same as our stance, we can do it together. But if they are apart from the group which forms the New Party, they will not be able to see the future or the scenario.

[Nakamura] If so, will the LDP and the Socialist Party be together after all? Because, if the New New Party is unified into one, naturally there is no way for the third to survive.

[Yonezawa] That might be the case. But actually, things such as cooperation between the LDP and the Japan Socialist Party in the election or the formation of the New Party are not so simple. So while they unite with the SDPJ, even if they are persuaded as a matter of political argument, once it comes to an election, since it is the

design of elections that parties have collisions, if this happens, cooperation between the LDP and the SDPJ will be difficult. They cannot unite with the new-new party, either. Then if you ask, if they are going to live alone, they say they do not like it, either. I cannot help thinking that, extending this line, there is the phrase, word "social democratic liberal." So it could be the medium electoral district system, and furthermore, within the meaning of what should be done about the framework of government after the election, both the three-pole theory and the four-pole theory can unexpectedly take hold of the casting board. But I wonder if they can survive the election before that. After all, it is normal under the small election district system to have a battle between two poles, so under such circumstances, the three-pole theory and the four-pole theory may create an election design beneficial to the LDP.

[Nakamura] You are saying that if they will join the new party, let's work together, but is there any such hope?

[Yonezawa] I am saying, by all means please come.

[Nakamura] Is there such a hope?

[Yonezawa] I hear that Mr. (Sadao) Yamahana's group is made of people with three different ways of thinking who have united together. At this stage, I cannot get into a raw discussion of concrete numbers such as how many people will come, but I continue to be hopeful that there is a high possibility that some people will come.

Join the Socialist International as the New Party? Succession of the DSP's Heritage by Forming "DSP Association"

[Nakamura] The chairman of the All Japan Prefectural and Municipal Workers' Union, Mr. Goto, said on NHK, "The Murayama administration will not last for a long time," but is there any movement behind these words?

[Yonezawa] I guess he wanted to form the framework for the new-new party and government. At the same time, however, they united with the LDP. It is twisted. I think this story is premised on this. So, I think as long as Mr. Yamahana of the SDPJ also said at the last convention that "the SDPJ will support the Murayama administration," the SDPJ will not be divided, so this only means that factions have formed within the party.

Even if I am told to unite with the SDPJ and to be at the core of the restructuring of the political world, things such as the scenario, the concept, and the future are not clear. Since I see that the debate is immature, even if I am asked how the DSP is, it only bewilders me.

[Nakamura] Let's change the subject. The DSP is a member of the "Socialist International," but if the party is dissolved, does this mean withdrawal?

[Yonezawa] I am thinking to continue. I am talking about it with fellow members who are going to form the new party together.

[Nakamura] Are you going to join the new-new party?

[Yonezawa] We are thinking in that direction. However, since we have to negotiate with the other parties, I do not know yet.

[Nakamura] What about the relationship with the Friendship Association?

[Yonezawa] In the case of dissolution, since we have important assets such as party members, local members of the Diet, and local organizations, we need to succeed to these. I am consulting with the members of the Friendship Association to form a political group under the temporary name "Democratic Socialist Association" to succeed to these.

[Nakamura] I think the labor groups are also crossing the river with the new-new party.

[Yonezawa] We are going across. But the feelings of the union members are complex, and the condition is that the thoughts of the SDPJ are complex, too. I do not think it has reached a clear-cut point of view.

[Nakamura] It means that the people will decide by an election in the end, doesn't it?

[Yonezawa] I think there will be a ground swell even after the election. I do not know what will happen with the new combination, the new political makeup, and the restructuring of the political world. Without merely falling into great confusion, but in order to stabilize the confusion and to bring order, I am preparing myself to be in a position to do what is necessary and to cope with the future restructuring of the political world.

[Nakamura] Looking from the people's point of view, since a new order and a new foundation are sought, please try hard in those respects.

Telecommunications Infrastructure Plans Announced

OW1101115495 Tokyo NIHON KEIZAI SHIMBUN in Japanese 6 Jan 95 Evening Edition p 1

[FBIS Translated Text] At a news conference held after the cabinet meeting on 6 January, Shun Oide, minister of posts and telecommunications, disclosed the basic policy on information and communications infrastructure projects for FY 95. His policy calls for a major shift from the previous policy of giving top priority to building an optical fiber network, and aims at the multifaceted development of the information infrastructure, such as in mobile communications and satellite broadcasting.

Oide designated 1995 as "year one for building the information and communications infrastructure," and he included the information and communications sector as one of the economic frontiers for securing domestic employment, which is being threatened by industrial hollowing out. His policy calls for developing a multimedia market worth around 59 trillion yen by the year

2000. This will probably mean a change in the Ministry of Posts and Telecommunications' [MPT] budget policy favoring the laying of optical fiber.

The three main components of the policy on information and communications infrastructure announced by Oide are: 1) the promotion of the production and distribution of information software through debt guarantees for companies and establishing the rules of transactions; 2) the deregulation and development of multimedia businesses; and 3) the development of advanced technology and standardization, which will be difficult for private companies to undertake.

With regard to the development of software and technology, funds for the development of technology on optical fiber networks and assistance for creating software to use such networks are included in the draft FY 1995 budget.

Until last year, the MPT devoted itself to building the information and communications infrastructure by installing optical fiber. This was due to the need to respond quickly to the information superhighway plan announced by the United States in September 1993.

However, building a wire system is not only costly but also time-consuming, requiring up to 2010 to build the network. It is believed that a wire system alone will not be able to meet rapidly increasing consumer needs. Furthermore, this plan has also been criticized for being ineffective in creating jobs. Recently, even the United States has been making efforts both in wire and wireless systems.

Therefore, the MPT has decided to focus on deregulating and developing new businesses in mobile communications and broadcasting as a strategic policy. It hopes to achieve a market of 59 trillion yen employing 1.99 million workers by 2000, the target recommended by the Telecommunications Council last May.

In concrete terms, the MPT wants to develop wireless paging services (pocket bell) using FM radio waves, and car navigation systems, aside from the portable hand-phone system (PHS), which is expected to be in operation this autumn.

This is the second time that the minister of posts and telecommunications has announced the basic policy for information and communications infrastructure at the beginning of the new year, after the previous minister did the same last year. Last year, then MPT Minister Takenori Kanzaki released the market projections by the Telecommunications Council to be announced by the end of May. He stressed that building an optical fiber network was indispensable.

First Prototype FSX Fighter Unveiled 12 Jan

OW1201030695 Tokyo KYODO in English 0147 GMT 12 Jan 95

[FBIS Transcribed Text] Nagoya, Jan. 12 KYODO—The first prototype of Japan's next support fighter,

code-named the FSX, was unveiled Thursday [12 January] seven years after Japan and the United States started a joint development project.

The prototype FSX was made public at the Komaki-Minami plant in Aichi Prefecture, central Japan, of Mitsubishi Heavy Industries Ltd.

The two countries began developing Japan's next mainstay support fighter, based on the F16 fighter of General Dynamics Corp. of the U.S., in 1988, as the successor to the Japanese-developed F1 fighter currently used by the Air Self-Defense Force.

The plane will make its first flight as early as this summer, officials of Mitsubishi Heavy Industries said.

The FSX fighter—11 meters wide, 16 meters long and 5 meters in height—is equipped with new radar technology, and high-strength carbon materials are used in its bodywork.

The two nations will produce a total of six prototypes and complete the development of the FSX by the end of fiscal 1998, the officials said.

The total cost for development was estimated at 165 billion yen in 1985, but has now soared to 327.4 billion yen.

The outlays will be shared 60 percent by Japan and 40 percent by the U.S.

DA To Develop Hi-Tech Fighter To Succeed F-15

OW1201011895 Tokyo TOKYO SHIMBUN in Japanese 10 Jan 95 Morning Edition p 1

[FBIS Translated Text] The Defense Agency [DA] decided on 9 January to include the development of a "technical validation aircraft" embodying state-of-the-art fighter plane technology in the next mid-term defense buildup plan starting in FY 96. The total cost will be 100 billion yen [Y], and completion is scheduled for the year 2008.

The purpose of this is to acquire technology for building an aircraft to succeed the main fighter of the Air Self-Defense Force, F-15. The plan is expected to meet opposition from the United States, which actively exports weapons.

Japan's main obstacle in manufacturing supersonic aircraft has been its inability to develop high-performance engines. However, the DA's Technical Research and Development Institute succeeded in developing engines for supersonic aircraft last year. An appropriation of Y1 billion for developing turbo fan engines (with an output of 5 tons) equipped with after-burners to be used in the technical validation aircraft has been included in the proposed budget for the new fiscal year.

According to DA sources, the technical validation aircraft has the characteristic of a Stealth fighter, and is difficult to detect with radar. It carries two 5-ton engines,

but is only 12 meters long, and very light weight at 7 tons. It may break with aeronautic conventions and have a flat shape with no vertical tail.

To enhance maneuverability, the aircraft fuselage will be made of carbon fibers and other light alloys. Control of the wings and tail will be through the latest "fly by light method" using optical fibers, as part of comprehensive efforts to reduce weight.

Furthermore, by installing "conformal radar" on various parts of the outer wall of the aircraft to make the entire surface function as an antenna, the range of detection is increased from in front of the aircraft to all directions. This will dramatically increase antimissile capability.

The reason behind the plans for the technical validation aircraft is the desire to maintain and upgrade technical development at a time when the development of the next generation support fighter (FSX) is almost complete. While aircraft makers, including Mitsubishi Heavy Industries, Ltd., Kawasaki Heavy Industries, Ltd., and Ishikawajima-Harima Heavy Industries Company, Ltd. are enthusiastic about the program. The DA says: "Our purpose is to acquire technical capability. This does not mean we are manufacturing the next generation main fighter." The DA takes a negative attitude toward mass production of the new aircraft.

However, with the experience of the FSX—which Japan wanted to develop independently—becoming a joint project between Japan and the United States, and the fact that the United States has already succeeded in developing the next generation YF-22 fighter, objections are expected from the United States. Moreover, the development of a new aircraft that may be used as a fighter may not have the people's support in the post-Cold War period.

Within the DA, opinions are divided over this plan. However, it is being included in the next defense buildup program. There is a consensus that whether the next main fighter is to be manufactured by Japan alone, or developed with the United States, it is necessary for Japan to accumulate technology.

Fuji To Develop Unmanned Reconnaissance Plane

OW1001101195 Tokyo NIHON KEIZAI SHIMBUN in Japanese 6 Jan 95 Morning Edition p 12

[FBIS Translated Text] Fuji Heavy Industries Ltd. has launched a program to develop an unmanned reconnaissance airplane that can fly for many hours at altitudes of 20 km to 30 km.

The plane will contain much composite materials to reduce its weight, and will carry an engine which can function stably even in thin air. It will be completed after 2000 at the earliest, and the Defense Agency is interested in it.

The plane will prove effective also in detecting enemy's launching of ballistic missiles. As such, the project is

likely to draw attention—in association with the concept of the theatre missile defense (TMD) in which the United States is calling on Japan to participate.

What Fuji Heavy Industries is researching to develop is an unmanned plane which can fly for several days at altitudes several times higher than those normal passenger aircraft fly at. Since at such altitudes it is impossible to use a conventional jet engine, it will become necessary to use a propeller engine which is fuel-consumption efficient. Theoretically, its wing needs to be more than 30 meters long.

Since the plane can fly very high, its antennae will enable relaying of radio communications and monitoring radio waves. Furthermore, it can detect the launching of enemy ballistic missiles, thus making it possible to get ready for interception at early stages. In the U.S.-proposed TMD concept, artificial satellites are supposed to watch for enemy missiles. Since this unmanned plane would fly at lower altitudes than the satellites would, the plane should be able to conduct the monitoring functions in a more accurate manner. In terms of production and operating costs, the plane is expected to be more economic than a satellite as well.

The United States already has a concept for building similar unmanned aircraft. Consequently, the Defense Agency is getting increasingly interested in this project. The plane, however, is expected to cost scores of billion yen to develop, and there are many tasks to overcome in areas of technology. Even if the plane becomes practical, it will probably not come until after 2000.

FTC Guidelines on Administrative Guidance Viewed
952A0141A Tokyo NIKKEI BUSINESS in Japanese
7 Nov 94 p 15

[Article by Tatero Kakeya: "The Fair Trade Commission Announces Guidelines on Administrative Guidance; A Tight Check Will Be Imposed To Prevent Restraints on Competition"]

[FBIS Translated Text] The Fair Trade Commission [FTC] has begun to keep a watchful eye on "administrative guidance." Toward the end of June, the commission announced guidelines on administrative guidance, enumerating guidance measures feared to conflict with the Antimonopoly Act. It thus gave warning against the kinds of administrative guidance which might lead to restraints on competition. The Administrative Procedures Act enforced in October carries provisions restraining arbitrary guidance by government offices, and now administrative guidance is further checked from the angle of the competition policy as well.

In June 1994, the FTC warned 43 enterprises formerly affiliated with the West Japan Hospital Bedding Conference (dissolved toward the end of 1993) as well as the Japan Hospital Bedding Association, an incorporated body, that they were suspected of having violated Article 8 of the Antimonopoly Act which prohibits industrial

organizations from restraining competition. They were suspected of restricting new entry into business and commercial pursuits by abusing the "factorship guarantee" originally intended to allow a business take-over when an enterprise engaged in a hospital sheets/garments leasing or laundering business finds it hard to continue its work.

"Measures Believed To Violate Antimonopoly Act" Categorized

At the same time, the FTC proposed that the Ministry of Health and Welfare review and revamp the factorship guarantee. The ministry, through a notice of the chief of the Hospital Guidance Division of the Health Policy Bureau, had made it an obligation for those leasing out or laundering hospital bedding and garments whose expenses are counted as medical treatment fees in health insurance plans to obtain the Japan Hospital Bedding Association's factorship guarantee. The FTC pointed out that the above measure "is suspected of making it difficult for new entrants to carry out business by delaying the guarantee-giving process for nonmembers."

In response to the FTC proposal, the Health and Welfare Ministry revised the division chief's notice in September. As to the factorship guarantee given only by the Japan Hospital Bedding Association, the revision said that one given by an individual enterprise also would be acceptable. It is offenses committed by enterprises and industrial organizations that the FTC is supposed to unearth, and so it is hard for the commission to directly inquire of a government office carrying out administrative guidance if it violated the Antimonopoly Act. Nevertheless, a leading FTC member says: "Beefing up competition is the tide of the times. We would like to keep filing complaints one after another if administrative guidance brings about restraints on competition."

The guidelines, entitled "Opinion on Administrative Guidance From the Viewpoint of the Antimonopoly Act," which were announced immediately after the warning to the Hospital Bedding Association, raised a strong alarm about administrative guidance which tended to become a hotbed of restraint on competition. In 1981, with a Tokyo High Court ruling in a secret oil cartel case as momentum, the FTC announced its "opinion," expressing the view that administrative guidance was feared to touch off cartels. The recent guidelines are a comprehensive revision of this 1981 announcement.

The characteristic of the new "opinion" is its categorization and enumeration of the types of administrative guidance which are believed to violate the Antimonopoly Act. Among those defined as liable to cause problems are: conducting administrative guidance with no legal basis as to production quantities and equipment increase or decrease; showing concrete target figures by government offices; publishing products' demand-supply prospects under certain conditions; and asking for reports on enterprises' business secrets through industrial organizations.

Major Categories of Administrative Guidance Which Are Feared To Cause Problems Related to the Antimonopoly Act

1. Entry Into Business

- Asking existing enterprisers or business organizations to consent
- Giving guidance as to joining business organizations
- Business organizations' participation in public financing proceedings

2. Prices

- Presenting figures which may be used as a rough standard for price changes
- Giving guidance for effecting voluntary restraints on selling or receiving orders at low prices
- Asking for reports on business secrets through industrial organizations

3. Quantities and Equipment

- Presenting figures which may be used as a rough standard for production quantities
- Showing short-term demand-supply prospects and requesting the presentation of business plans
- Exchanging views with enterprisers when short-term demand-supply prospects are prepared
- Presenting a concrete standard for equipment investment and scrapping

Tide of Times Favorable for U.S. Pressure, Argument for Deregulation

A leading FTC member says that "each category is the result of boiling down controversial cases thus far." As to demand-supply prospects, the Transport Ministry was about to announce new shipbuilding demand-supply prospects when the shipbuilding anti-depression cartel was disbanding in 1989. At that time, the FTC proposed that the ministry simply furnish information, but not go so far as to guide the industry over adjusting amounts of orders to be received and shipbuilding quantities. This experience provided part of the material for the categorization.

The cases in which the FTC asks each ministry for improvement with regard to administrative guidance are also increasing in number. Last year the Ministry of Agriculture, Forestry, and Fisheries attempted to maintain egg prices by using the independent demand-supply stability fund that chicken raisers had accumulated under the ministry's guidance for the reduction of production. At that time, the FTC dissuaded chicken raisers from making adjustment efforts, saying that "it is against the Antimonopoly Act for a producers' group to adjust quantities in cooperation." In 1991, the FTC asked the Ministry of Finance to take a step for improvement regarding the banks' exchange of information on bond consignment fees.

The power of the FTC is not necessarily mighty in Kasumigaseki. When the recent guidelines were prepared, "a lot of complaints were made from other

ministries and agencies," according to a man in charge. However, the tide of the times is favorable for the U.S. demand that antimonopoly policies be stepped up and for the domestic argument that regulation should be eased. The appearance of specific guidelines symbolizes a change of the times.

Trade Union To Demand 'Average Wage Hike'

*OW1201130695 Tokyo KYODO in English 1140 GMT
12 Jan 95*

[FBIS Transcribed Text] Tokyo, Jan. 12 KYODO—Japan's largest trade union reaffirmed Thursday [12 January] that it will demand an average wage hike of 14,000 yen a month during this spring's annual labor-management talks, heralding an upcoming bitter fray with their employers.

The eight million-strong Japanese trade union confederation (Rengo) reiterated its position at a meeting on the same day when the Japan Federation of Employers Associations (Nikkeiren) urged employers to hold off on pay hikes during the spring talks to counter a hollowing out amid the strong yen.

Rengo chief Jinnosuke Ashida told the meeting the union cannot condone the Nikkeiren stance that workers should accept employers' plans to forgo wage hikes in view of the anemic economy.

"If wage hikes were withheld completely, it would fuel the yen's further appreciation and decelerate the economy" by leaving the huge trade surplus intact, Ashida said.

"If Japan is to expand its economy 3 percent this year, it is critical to bolster consumer spending by bringing about a steady increase in workers' income and ensuring price stability on top of the large-scale tax cut," he said.

"Unions need to check employers' easygoing retrenchment plans even though they may seek to conduct them under the pretext of economic restructuring," Ashida said.

Nikkeiren made its decision at an extraordinary meeting, which approved a report recommending that companies not raise wages in view of the lack of improvement in productivity.

Nikkeiren Decides To Seek Freeze on Wage Hikes

*OW1201082695 Tokyo KYODO in English 0742 GMT
12 Jan 95*

[FBIS Transcribed Text] Tokyo, Jan. 12 KYODO—A major employers organization decided Thursday on a policy of calling for a freeze in wage hikes this year during negotiations with labor in annual spring negotiations, officials said.

The Japan Federation of Employers Associations (Nikkeiren) made the decision at an extraordinary

meeting by approving a report recommending companies not to raise wages because there has been no improvement in productivity in Japan.

The report, which sets the policy for employers to take during the spring wage talks, said it is more important to keep people employed than to raise their salaries.

In a speech at the meeting, Nikkeiren head Takeshi Nagano said efforts must be made to keep companies in the manufacturing sector from leaving Japan for other countries where labor is cheaper.

"We have to do our best to keep the manufacturing sector in our country. Both employers and employees have to think about raising their standard of living by decreasing prices," he said.

It is the third consecutive year for nikkeiren to urge a freeze on wages, and strong resistance is expected from the Japanese trade union confederation, which is planning to demand an average increase of about 14,000 yen in monthly wages.

Mongolia

First Economic Growth in Five Years Announced

OW0901080695 Tokyo KYODO in English 0713 GMT 9 Jan 95

[FBIS Transcribed Text] Ulaanbaatar, Jan. 9 KYODO—Mongolia posted a 2.1 percent rise in its gross domestic product (GDP) in 1994, its first economic growth in five years, the government has announced.

The Mongolian National Statistics Bureau, in releasing economic data for 1994, said the economy this year is likely to record an even stronger growth.

Mongolia's GDP had shrunk every year from 1990 to 1993, after recording a 4.2 percent growth in 1989.

Figures released by the bureau also showed the nation's cattle-breeding industry kept a record 26.80 million head, up 1.63 million from the previous year.

Officials said Mongolia's mining and manufacturing production last year rose 3.7 percent, also the first growth in five years, thanks to increased production of molybdenum and gold, as well as steel production launched with Japanese aid in Darhan, the second-largest city.

The average monthly inflation rate last year decreased to 4.3 percent from 9.1 percent in 1993, they said.

North Korea

U.S., ROK Conduct 'Joint Aerial War Exercise'

SK1201044995 Pyongyang KCNA in English 0427 GMT 12 Jan 95

["Unending Joint Aerial War Exercises and Military Provocations Against the North"—KCNA headline]

[FBIS Transcribed Text] Pyongyang, January 12 (KCNA)—The U.S. imperialist warmaniacs and the South Korean puppets Monday and Tuesday committed one more joint aerial war exercise against the North with the skies above Chonju and Oeyon Islet as an operational theatre, according to military sources.

Mobilised in the war exercise were more than 300 bombers, pursuit-assault planes and assault planes belonging to the U.S. imperialist air force and the puppet airforce and from overseas bases.

It was an act of provocation aimed at examining the feasibility of commanding the coordination of the flying corps of the U.S. Naval and Air Forces in the Pacific region and the puppet airforce and the capacity of a joint operation for a preemptive strike at the strategic targets in the depth of the northern half of Korea.

On the tenth of January, six helicopter gunships of the South Korean puppet army staged an exercise of missile striking at the objects of the North side in the sky above Yonchon County, Kyonggi Province.

On the same day, the South Korean puppets brought ten odd military trucks and several hundred heavily armed bandits into the Demilitarized Zone South of the markers of the Military Demarcation Line in Changpung and Panmun Counties, Kaesong Municipality, Chorwon, Kimhwa and Kumgang Counties, Kangwon Province.

The armed bandits of the South Korean puppets hell bent on the military provocations against the North in the Demilitarized Zone in the western, central and eastern sectors of the front totalled more than 3,800 and the military vehicles about 700 in the period from January 1 to 10.

All this was part of the deliberate and premeditated moves of the Kim Yong-sam fascist clique to render the situation in the Demilitarized Zone strained from the beginning of the year.

CPRF: ROK Commits 'Military Provocations'

SK1201043095 Pyongyang KCNA in English 0421 GMT 12 Jan 95

["Never-Ceasing Military Provocations of Kim Yong-sam Group Under Fire"—KCNA headline]

[FBIS Transcribed Text] Pyongyang, January 12 (KCNA)—If the Kim Yong-sam group continues to aggravate the situation with military provocations, ignoring the repeated warnings of the North, it will only precipitate its self-destruction, warns the Secretariat of the Committee for the Peaceful Reunification of the Fatherland [CPRF].

According to the information No. 671 dated January 11 of the Secretariat of the CPRF, the Kim Yong-sam group brought several thousand puppet army soldiers to areas

in the Demilitarized Zone South of the Military Demarcation Line [MDL], inciting a war fever, and hurled large quantities of combat equipment into the areas near the MDL and committed military provocations against the North in the period from January 1 to 6.

The information says such military provocations committed almost every day from the beginning of the year are a clear indication of the intention of the Kim Yong-sam puppet clique to seek confrontation and war in 1995 through a deliberate aggravation of the situation in Korea.

It further says:

The present rulers of South Korea must abandon their anachronistic daydream and stop acting rashly.

We are led by respected Supreme Commander General Kim Chong-il, an ever-victorious, iron-willed brilliant commander and a peerless general and have a heroic people and invincible self-reliant revolutionary Armed Forces united around him in one mind.

ROK Artist Federation Leader on Reunification

*SK1201053595 Pyongyang KCNA in English 0456
GMT 12 Jan 95*

[FBIS Transcribed Text] Pyongyang, January 11 (KCNA)—Kim Yong-tae, secretary general of the South Korean General Federation of National Artists, asked the authorities to pursue the policy of culture to suit the atmosphere of reunification, the South Korean paper HANGYORE SINMUN said.

He said that an atmosphere of reunification is expected to grow stronger than before in the new year and so the authorities should be concerned for creating cultural circumstances and explore the ways for the study and interchange of literature and arts of the North and the South and the development of national culture.

He said that all the efforts should focus on healing the wounds of division and achieving reunification in the year in which falls the 50th anniversary of the August 15 liberation of the country.

ROK Group Urges Reinvestigation of Spy Case

*SK1201044495 Pyongyang KCNA in English 0415
GMT 12 Jan 95*

[FBIS Transcribed Text] Pyongyang, January 12 (KCNA)—The South Korean Lawyers Council for Democratic Society Tuesday submitted to the "National Assembly" a questionnaire asserting that the "brother and sister spy case" announced by the puppet Agency for National Security Planning was fabricated by the agency and demanding a probe into its truth.

Noting that the fabrication of the spy case was an undeniable fact fully exposed by the declaration of conscience of Paek Hung-yong now staying in Germany,

the council said "the National Assembly should make clear such manoeuvring of the agency, leaving no room for doubt".

Meanwhile, at a meeting of the Information Committee of the puppet National Assembly, opposition "assemblymen" demanded a reinvestigation into the spy case, saying there was a suspicion that it was faked up by the "Agency for National Security Planning."

Hwang Chang-yop Meets With Delegates From PRC

*SK1201055095 Pyongyang KCNA in English 0449
GMT 12 Jan 95*

[FBIS Transcribed Text] Pyongyang, January 11 (KCNA)—Hwang Chang-yop, secretary of the Central Committee of the Workers' Party of Korea, today met and had a friendly talk with a delegation of the Dandong City Committee of the Communist Party of China headed by its Secretary Wang Weizhong.

Chinese Ambassador to Korea Qiao Zonghuai was present there.

Japanese Paper on PRC Gaining DPRK Information

*OW1201054395 Tokyo CHUO KORON in Japanese
Feb 95 pp 112-113*

[Article by journalist Seiichi Ino from the "Scramble" column: "Beijing Has Access to Intelligence on Kim Chong-il"]

[FBIS Translated Text] In North Korea, where the entry and exit, residence, and movement of aliens are strictly restricted, Chinese of Korean origin can be said to be the aliens that are most widely and deeply rooted in that country.

They make frequent travels between the DPRK and the neighboring Yanbian Korean Autonomous Prefecture of China's Jilin Province, holding the key of commodity flows between the two countries. Therefore, the DPRK authorities grant them a variety of privileges. So the core group of these Chinese can move between Yanbian, Pyongyang, and other cities in North Korea almost without restriction.

They handle a multitude of commodities, not only foodstuffs such as rice and mineral products including gold and coal, but also military material and weapons. Thus it cannot be ignored that they have their own line of connections with authorities and organizations of various fields in North Korea.

Therefore, North Korean information they catch with their eyes and ears is fresh and highly reliable. One of the reasons China gets hold of the true situation in North Korea is that it can quickly gain North Korean information from these sources.

What sort of information are the Chinese authorities collecting from these Chinese sources of Korean origin? Let me introduce some random samples from sources I cannot disclose.

(A) Approximately 2,000 North Korean refugees have crossed the Sino-DPRK border to seek asylum in China from 1989 to the spring of 1994. (The figure 2,000 out of the approximately 20 million North Korean population means that approximately one out of every 10,000 sought asylum. When a fugitive is found crossing the border, the DPRK border guards fire upon them to prevent their fleeing the country, but the Chinese side seems to give them tacit permission.)

(B) Although there is not a famine in local areas in North Korea as has been widely reported in foreign countries, it is true that embezzlement and selling through illegal channels in the process of management and distribution and speculative transactions in black markets are not scarce; therefore causing a considerable shortage in the food supply to lower echelon non-farmers.

(C) Gold sales in North Korea are a North Korean Government monopoly and the quantity of gold being delivered by the authorities is on the increase. (The DPRK is presumed to be intending to obtain a certain amount of foreign exchange through gold transactions. By the way, gold produced in North Korea is glossy and its total quality is said to be on a par with international standards.) The margin between the purchasing price in North Korea and the selling price in China is more than two to three times, and the selling price in other foreign countries is several times that of the Chinese price, and the business is very popular among Chinese of Korean origin.

(D) Primarily since the start of nineties, the DPRK has established its own offices in several Southeast Asian cities, including Singapore, and purchased a considerable quantity of petroleum at spot markets. Among Chinese residents, attention is being focused at how the procuring fund is arranged.

(E) It was judged that the Kim Chong-il order had made a smooth start because no noticeable reduction in business in North Korean organizations, including those of the military, were noted immediately after the death of Kim Il-song, and there has been almost no irregular or unexpected transfer of personnel or change in distribution of commodities that suggests a "disaster."

In addition to these Chinese of Korean origin who are bringing this information, China has its own channels, established through the Korean War which the DPRK frequently described as the "Sino-DPRK relations bonded together by blood," and many of them have direct connections with the Kim Il-song and Kim Chong-il families. Those channels served to bring the Chinese Government several very important pieces of information at the time of emergency following the sudden death of Kim Il-song.

The Chinese side acknowledged Kim Il-song's death ahead of other countries that also had connections with the DPRK. China was afraid of two problems: Whether unnecessary unrest might occur among important personalities in the pivotal center, or if an unexpected movement might be touched off by insurgents. But within one week after the death of Kim Il-song that kind of worry was erased by a report brought by an elder, an important personality on the Chinese side, who attended the funeral in Pyongyang, travelling from Heilongjiang Province.

This elder had been a comrade-in-arms of Kim Il-song since the Korean War, and visited North Korea many times after the war, watching Kim Chong-il grow up. Abhorring plane flights, this elder took four days to reach Pyongyang by surface transportation. Kim Chong-il was deeply moved by this and thanked him for his trouble many times and talked with him for about half an hour despite his busy schedule to prepare for the funeral. On that occasion, this elder got the impression that there is no major obstacle, including health, at the start of the Kim Chong-il order, from the contents of Kim Chong-il's determination, the way and manner of his talking, and the composed attitude of those surrounding him. He reported to the Chinese Government that he was relieved for the moment.

Simply having a common border is not the only reason China pays close attention to the situation in North Korea. More than one source told me: "For the Chinese Government, the most worrisome domestic problem in the future is the racial problem. Yanbian's Korean race is one of them. The Chinese Government is afraid a future North Korean shakeup might spread throughout the Korean peninsula and into Yanbian. That is why the Chinese Government will continue to support the Kim Chong-il regime as much as it can."

Resolutions for Japan's 'War Dead' Denounced

*SK1201045695 Pyongyang KCNA in English 0431
GMT 12 Jan 95*

["For Ideological Foothold of Reinvasion"—KCNA headline]

[FBIS Transcribed Text] Pyongyang, January 12 (KCNA)—The Chiba, Toyama and ten other prefectural assemblies of Japan adopted "resolutions" paying "tribute" and expressing "thanks" to the war dead, contending that the Japanese imperialists' war of aggression was aimed at defending "the tranquility of the country" and "the security of the hometowns." Commenting on this, NODONG SINMUN today views this as an intolerable insult to the Korean and other Asian peoples and a wanton distortion of the stark historical fact.

The analyst says:

The adoption of such "resolutions" by prefectural assemblies of Japan with the approach of the 50th

anniversary of Japan's defeat in the war is a premeditated and deliberate act for imbuing the people with the militarist view of war and is part of the Japanese ruling quarters' moves to gratify their ambition for reinvasion.

Having finished military and material preparations for overseas aggression, the Japanese reactionaries are now trying to make ideological preparations for mobilizing the Japanese people, young and middle-aged people in particular, in a war by denying Japan's aggression in the past and praising it.

They want to repeat the past crimes, not atoning for them. They must clearly know that if they unsheathe the sword for reinvasion, forgetting the lesson of history, they will meet their destruction.

Koreans in Japan Urged To Struggle for Democracy

*SK1201055295 Pyongyang KCNA in English 0453
GMT 12 Jan 95*

["Hantongnyon Chairman Calls for Making New Breakthrough in Reunification Movement in the New Year"—KCNA headline]

[FBIS Transcribed Text] Pyongyang, January 11 (KCNA)—The Koreans in Japan should make a new breakthrough in the movement for independence, democracy and reunification.

Kwak Tong-ui, chairman of the federation of South Koreans in Japan for Democracy and Unification (Hantongnyon), made the remarks in an article contributed to the January 1 issue of MINJOK SIBO, a newspaper of Koreans in Japan, on the new year 1995.

Noting that the country should be reunified through a confederation based on one nation, one state, two systems and two governments on the three principles of independence, peaceful reunification and great national unity laid down in the July 4 joint statement, he said great national unity should be achieved for the reunification based on confederation.

He called on the Koreans in Japan to conduct a powerful struggle for the abolition of the South Korean "National Security Law" and for democracy against dictatorship this year.

He said it was proved again by the South Korean reality that without a genuine independent, democratic government established, it is difficult to bring about democracy in society, make a progress and achieve the independence of the nation and reunification, adding that a powerful struggle should be waged to set up an independent, democratic government against the dictatorship under the "civilian" mask.

Vice President Pak Meets Swiss Ambassador

*SK1201103095 Pyongyang KCNA in English 1019
GMT 12 Jan 95*

[FBIS Transcribed Text] Pyongyang, January 12 (KCNA)—Vice-president Pak Song-chol met and had a

talk with Erwin Schurtenberger, ambassador of the Swiss Confederation, who paid a farewell call on him at the Mansudae Assembly Hall today.

Labor Administration Group Departs for India

*SK1201102895 Pyongyang KCNA in English 1018
GMT 12 Jan 95*

[FBIS Transcribed Text] Pyongyang, January 12 (KCNA)—A delegation of the DPRK headed by Minister of Labour Administration Yi Chae-yun left here today to participate in the 5th Meeting of Labor Ministers of the Non-Aligned and Other Developing Countries to be held in India.

It was seen off at Pyongyang Railway Station by Vice-minister of Labor Administration Choe Hwang-yong and Indian Ambassador to Korea Adya Nand Jha.

Maltese Support 'Just Cause' of Korean People

*SK1201100995 Pyongyang KCNA in English 1004
GMT 12 Jan 95*

[FBIS Transcribed Text] Pyongyang, January 12 (KCNA)—Ugo Mifsud Bonnici, president of Malta, and Vassalo Anthony [spelling of name as received], general secretary of the Communist Party of Malta, voiced support for the just cause of the Korean people when they separately met the Korean ambassador to Malta on January 7.

The president said the sudden death of President Kim Il-song last year was a great loss not only for the Korean people, but also for the Maltese people.

We sincerely hope that the Korean people will achieve greater success in their future work to accomplish the cause of President Kim Il-song under the leadership of his excellency the great leader Kim Chong-il, he said.

The Maltese Government and people, he noted, will always stand behind the cause of the peaceful reunification of Korea.

The general secretary said "Socialism Is a Science," a work published by Comrade Kim Chong-il last November, is an all-important one that indicates the clear way of building socialism and accomplishing its cause.

He expressed the expectation that the Korean people will continue to achieve success in socialist construction and their efforts to reunify the country.

Chongnyon Meeting Sends Letter to Kim Chong-il

*SK1201102595 Pyongyang KCNA in English 1016
GMT 12 Jan 95*

[FBIS Transcribed Text] Pyongyang, January 12 (KCNA)—Respected General Kim Chong-il received a letter from the participants in a central meeting of the activists of the General Association of Korean Residents

in Japan (Chongnyon) to fulfill successfully the tasks of Chongnyon for the year 1995, upholding his message of greetings on the new year.

The letter dated January 10 says that in his message General Kim Chong-il highly praised the achievements made by the officials of Chongnyon and Koreans in Japan last year in their patriotic work for firmly defending the Chongnyon organization and achieving national reunification and the prosperity and development of the country and indicated a bright way for making this year a brilliant year most significant in the history of the movement of the Koreans in Japan.

The letter expresses the resolution to establish the leadership system of the general more firmly in Chongnyon and turn it into a mighty patriotic unit deeply rooted among the compatriots of broad segments in the new year.

It says Chongnyon will actively contribute to opening an epochal phase for accomplishing the cause of reunification in the 90s without fail under the banner of the 10-Point Programme of the Great Unity of the Whole Nation, while further strengthening and developing national education.

The letter wholeheartedly wishes respected General Kim Chong-il a long life in good health.

World Public Said To Study Kim Chong-il Work

*SK1201044295 Pyongyang KCNA in English 0413
GMT 12 Jan 95*

[FBIS Transcribed Text] Pyongyang, January 12 (KCNA)—The great leader Comrade Kim Chong-il's famous work "Socialism Is a Science" has been widely disseminated and studied among people of the world.

The work has been disseminated and studied in diversified ways and forms in more than 60 countries in two months after its publication.

The work is being deeply studied by people of different strata in Mongolia, Laos, Japan, Singapore, Malaysia, Iran, Syria, India, Lebanon, Tanzania, Mozambique, Zimbabwe, Russia, Ukraine, Kazakhstan, Germany, Romania, Italy, Britain, Portugal, Finland, Cuba, Nicaragua, Peru, Mexico and many other countries. They highly praised the work as an immortal banner indicating the road to the victory of socialism, an invaluable guideline giving the conviction of the victory of socialism, a comprehensive thesis on socialism and a perfect socialist political science in the present times.

Statements supporting the work have been published by party, political, public and high-ranking officials and seminars, gatherings, lectures, explanatory and reading sessions and round-table talks on the work have been held on a world-wide scale.

Pro-Kim Chong-il Leaflets 'Scattered' in South

*SK1201044095 Pyongyang KCNA in English 0409
GMT 12 Jan 95*

[FBIS Transcribed Text] Pyongyang, January 12 (KCNA)—Copies of a leaflet wishing the great leader Comrade Kim Chong-il a long life in good health in the name of the patriotic youth society for reunification were scattered near Yongsan Railway Station in Seoul on December 31 last year, stirring up people, according to a report of Radio Voice of National Salvation from Seoul.

Printed on the front side of leaflet were the words reading "We pray for the longevity of general Kim Chong-il, the great man produced by heaven and leader of the nation with both literary and military accomplishments" and on its back side were the words reading "Let us determinedly break with the 'civilian' fascist, the flunkeyist, traitor fawning upon outside forces. Let us pull down the barrier of division and open the door of reunification without fail in the year of half a century after the liberation of the country, upholding general Kim Chong-il, the incarnation of independent politics."

Foreign Leaders Send Greetings to Kim Chong-il

*SK1201042595 Pyongyang KCNA in English 0406
GMT 12 Jan 95*

[FBIS Transcribed Text] Pyongyang, January 12 (KCNA)—The great leader Comrade Kim Chong-il received messages of greetings from heads of state and party leaders of different countries on the new year of 1995.

Messages came from President and head of state of Mali Alpha Oumar Konare, president of Sao Tome and Principe Miguel Trovoad, President of Seychelles France Albert Rene, General Secretary of the People's Unity Party (Unionist) of Jordan Talal Hafun Ala Mai, General Secretary of the Central Committee of the Jordanian Communist Party Yacob Zayadine, chairman of the Tadzhik Communist Party Sh. D. Shavdolv, Chairman of the National Committee of the Socialist (Communist) Party of Romania Florian Petrescu, General Secretary of the Egyptian National Democratic Party Youssef Amin Wali, General Secretary of the Democratic Youth Revolutionary Party of Burkina Faso Toe De Stanislas, Secretary General of the Movement for Democracy in Algeria Khaled Bensmain, National Chairman of the Workers' Party of Zaire Emile Kibala Bey A Nsien, and General Secretary of the Central Committee of the Communist Party of Peru (Red Motherland) Alberto Moreno [names as received].

The messages extend the warmest congratulations to Comrade Kim Chong-il on the new year and wish him good health and a long life.

The messages express the belief that the Korean people will make great achievements in socialist construction

and in the work for the independent and peaceful reunification of the country under the wise leadership of Comrade Kim Chong-il.

He also received a message of greetings from the Central Committee of the Slovak Communist Party on the new year.

Swiss, Czech Envoys Visit Kim Il-song Statue

SK1201045395 Pyongyang KCNA in English 0417
GMT 12 Jan 95

[FBIS Transcribed Text] Pyongyang, January 12 (KCNA)—Erwin Schurten Berger, Swiss ambassador to Korea, and Josef Fass, newly appointed Czech ambassador to Korea, Wednesday called at the statue of the great leader President Kim Il-song on Mansu hill in Pyongyang and expressed unbounded reverence for him.

They laid bouquets of flowers at the statue and paid a tribute to the memory of President Kim Il-song who conducted energetic activities all his life for the freedom and happiness of the people and the human cause of independence.

Paper: 'Collectivism Is Intrinsic Need of Man'

SK1201102095 Pyongyang KCNA in English 1012
GMT 12 Jan 95

["Collectivism Is Intrinsic Need of Man, Social Being"—KCNA headline]

[FBIS Transcribed Text] Pyongyang, January 12 (KCNA)—The great leader Comrade Kim Chong-il in his famous work "Socialism Is a Science" scientifically expounded that collectivism is man's intrinsic need, says NODONG SINMUN in a by-lined article today.

The article quotes the great leader Comrade Kim Chong-il as saying:

"Collectivism is man's intrinsic need."

The article goes on:

The essence of collectivism lies in helping and leading forward each other and sharing the destiny under the slogan "One for all and all for one!"

Collectivism is man's intrinsic need because man is a social being who can shape his destiny only in a social collective. People can transform nature and society and satisfy their demand for independence, not as individuals, but only through collective cooperation among members of society. Collectivism awakens people to the consciousness that their individual interests are identical with the common interests of the collective and their individual interests can be met only when the interests of the collective are met.

It also makes people work in unity, helping each other, thus displaying a great might incomparable to the limited strength of the individuals in transforming nature and society.

The demand of an individual divorced from collectivism becomes individualistic greed. Such greed encroaches upon the demand of other members of the collective for independence, and hampers the unity and cooperation of the collective.

It is man's mode of existence to be active in a social collective and his desire for independence can be successfully met only through collectivism. This is why collectivism is man's intrinsic need.

That collectivism is man's intrinsic need is a new, original idea and theory put forward and flawlessly expounded by the great leader Comrade Kim Chong-il.

Comrade Kim Chong-il has constantly developed the immortal *chuche* idea in depth to exalt it as the great guiding idea of the era of independence and, on this basis, comprehensively completed the idea of collectivism.

His preposition that collectivism is man's intrinsic need has provided the theoretical foundation for the people to enjoy a worthy and happy life to their heart's content with a true view of life, the collectivist view of life, and comprehensively and fully indicated the essential advantages of socialism and the way of bringing them into full play.

His idea and theory that collectivism is man's intrinsic need is a powerful ideological and theoretical weapon which deals a decisive blow at the sophism of the imperialists and their mouthpieces who distort the nature of man and try to reduce people to ideological and mental invalids.

The new scientific exposition of collectivism by the great leader Comrade Kim Chong-il is, indeed, a distinguished contribution to the development of socialist ideology and an immortal militant banner under which the socialist movement as a whole can make a vigorous advance on a new scientific foundation.

Editorial Commends Maengsan County Management

SK1201054595 Pyongyang MINJU CHOSON in
Korean 24 Nov 94 p 1

[Editorial: "Let Us Learn From the Example of Maengsan County and Manage Our Counties Better"]

[FBIS Translated Text] The dear leader Comrade Kim Chong-il recently presented a policy to enhance the role of counties and effect a turning point in the people's livelihood. He also explained the tasks and methods to implement the policy. Learning after the example of Maengsan County is significant in implementing the party's policy to enhance the role of counties and make a turning point in people's livelihood.

The dear leader Comrade Kim Chong-il indicated: Counties should broadly launch the movement to learn after the examples of the Commercial Management

Office of Chonchon County and Maengsan County so that they develop rural economy and local industries on their own, thriftily manage counties and rural villages, and expedite the improvement of people's living standard.

A county is a local base for socialist construction and a local unit which takes charge of 1/200th of the country. A county comprises economic sectors and cultural facilities that are directly connected with the people's life. A county also has various natural resources, materials, and reserves. The role of counties must be enhanced in order to maximize local resources and potentials, develop local economy, and improve people's living standard on each county's own strength, and vigorously accelerate socialist construction in general.

The great leader Comrade Kim Il-song uniquely explained the position and role of counties in socialist construction and presented the details of the direction and methods of county management. He also provided a basis for a rapid development of local industries and rural economy, and an epochal improvement of people's living standard. This is the great leader's valuable teaching and treasure he left us, and it is our functionaries' lofty duty to further elucidate the teaching and treasure it.

There are many counties that are setting examples in county management, upholding the great leader's lofty will. In particular, the experience of Maengsan County is cherished because the county performed well in county management and excellently solved the demands of the people's livelihood with its own strength.

Since 20 years ago, when the dear leader Comrade Kim Chong-il accompanied the great leader on his visit to Maengsan County, to today, the county has vigorously carried out the struggle to implement the great leader's on-the-spot guidance and the party's intention and has made a great achievement in well managing the county and improving the people's living standard. The transformation from a village used to be called a place not for people to live in into today's Maengsan County is a clear proof of the wise leadership of our party in improving the living standard of the people in mountain villages.

In September 1994, the dear leader Comrade Kim Chong-il received the report that functionaries of Maengsan County highly demonstrated the revolutionary spirit of self-reliance by frugally managing the county and greatly improving the residents' living standard. He sent other functionaries to inspect Maengsan County and actively learn from the county. Recently, he also took a measure to broadly launch the movement to learn from Maengsan County.

The example of Maengsan County is a valuable one that we have to learn from in order to implement the party's policy to enhance the role of counties and make a turning point in people's living standard.

All counties should uphold the party's intention to learn from the example of Maengsan County and vigorously carry out the work to generalize the experience of Maengsan County, which frugally managed the county on its own and greatly improved the residents' living standard.

The most important thing to be learned from the work of Maengsan County functionaries is the revolutionary working ethos to implement the intention of the party and the leader [suryong] to the end.

The party's line, policy, and instruction orders completely and concretely explain the revolutionary strategies, as well as the tasks of struggle and implemental methods for each sector and unit. Any county can achieve ceaseless innovations and advance just by following the guidelines. It is a truth that has been firmly proven through our revolutionary practices.

The party's line and policy was the starting point of the thinking and operation of Maengsan County functionaries, and was the standard for all the work. To work exactly as demanded by the line and policy was a firm principle not to be disobeyed under any circumstances.

When functionaries of Maengsan County built a road, a building, or a village, they took the brilliant example of the party's monumental creations of Samjiyon-up and Changgwangwon as the standard of design. In developing local industries, their starting point was the party's policy to become completely dependent on commonly available local resources and materials. In the entire course of county management, Maengsan County functionaries have always taken the intention of the party policy as the unitary guideline. Maengsan County discovered in the great leader's [suryong] teaching the means to solve the problem of rice and become self-sufficient in terms of food, and waged a full-fledged struggle to implement the teaching. When the functionaries built farm houses, public buildings, and roads on uncultivated land, and rearranged cold and damp land into rice paddies, they bore unswerving faith and pushed ahead with the party's intention to the end. They finally obtained 700 chongbo [one chongbo equals 2.451 acres] of rice paddies, expanded tilled land, increased grain production, and rebuilt farm houses into modern ones. Such a revolutionary working ethos is the first reason Maengsan County has developed so much today.

Like functionaries of Maengsan County, all functionaries should bear endless loyalty toward the party and the leader [suryong] and firmly establish the revolutionary ethos to work thoroughly according to the party policy and its demands. Bearing the iron-clad faith that what the party decides, we will do, functionaries should devote all their energy and wisdom to implementing the party's policy to enhance the role of counties and make a turning point in the people's livelihood. They should persistently struggle to transform the party's idea into reality.

Another important thing to be learned from the work of Maengsan County functionaries is to lead the working people to highly display the revolutionary spirit of self-reliance and fortitude with practical examples.

The revolutionary spirit of self-reliance and fortitude is an indomitable spirit of struggle that creates something out of nothing and changes misfortune into fortune. In the case of Maengsan county, whose natural and geographical conditions are poor, highly displaying the revolutionary spirit of self-reliance and fortitude is key to managing the county on its own.

Maengsan County functionaries were able to manage the county well because they highly upheld the revolutionary banner of self-reliance from the beginning.

The functionaries did not just talk about the importance of coal in building a building material base and more houses, and operating local industry plants, but went to the mountain themselves to conduct geological surveys and developed mines. In expanding and modernizing local industry plants in order to increase the variety of daily necessities and foodstuff and improve the quantity and quality, they did not just wait for the superior departments or someone to provide help but with confidence in themselves vigorously led the people to run their plants on their own.

Of course, it is not easy to manage on their own by creating what does not exist and finding out what lacks. However, the experience of Maengsan County shows that self-reliance and fortitude is the only road to most quickly and excellently manage the county.

Like functionaries of Maengsan County, all functionaries should highly demonstrate the revolutionary spirit of self-reliance and fortitude and soundly manage their counties. Functionaries should come forward to difficult and hard work before others and wage a persistent struggle to solve pending problems on their own. Functionaries should always set examples of self-reliance to the masses, kindle the fire of self-reliance among them, and lead them to fight with the same spirit. Functionaries should make all the thoughts and activities of working people be consistently self-reliant so that self-reliance and fortitude becomes the militant ethos.

Another important thing to be learned from the work of Maengsan County functionaries is that the functionaries properly organized and deployed the unlimited strength and wisdom of the people with high spirit of service.

Our functionaries are from the people. They are the people's servants with a mission to serve the people. Only those functionaries who struggle with a right view on the popular masses, thoroughly defend the interests of the people, and devote everything for the people, can be trusted by the people and implement the party's policy better by properly organizing and deploying the strength and wisdom of the people. Herein lies the secret of

Maengsan County, which excellently solved the problem of the people's livelihood and set an example in managing the county.

When drawing up a plan or building a house, functionaries of the county reflected the people's opinions and demands. They set their shoulders to the wheel when working for the people, not caring about the difficulty of the work, and completed the work to the end. When the functionaries heard that the people wanted better quality furnitures and youngsters wanted a park downtown, they remembered that satisfying the increasing material and cultural demands of the people is our party's intention and true position of functionaries who are loyal servants to the people. They searched deep forest, steep cliffs, and thorn bush to find out the right timber for the high-quality furniture demanded by the people. They also broke ground for an entertainment park with entertainment and service facilities, and a pond with a pavilion. The devoted the functionaries' service to better take care of the people's livelihood as intended by the party echoed in the people's hearts. This was the fountain of the unlimited strength that ensured any of the problems designed, discussed, and decided by the county with an aim to manage the county well and improve the residents' living standard, is not suspended in the course but concluded with an excellent result.

Indeed, the endless loyalty toward the party and the leader [suryong], revolutionary working ethos, strong revolutionary spirit, and devoted service for people discovered among the functionaries of Maengsan County is an excellent example that our functionaries should learn after in implementing the party's policy to enhance the role of counties and make a turning point in the people's livelihood.

All counties should bear the high self-consciousness of the master in charge of 1/200th of the country and carry out organizational political work to learn after the example of Maengsan County so as to greatly contribute to implementing the party's idea to better manage the counties and achieve an epochal improvement of our people's living standard in a shortest period of time.

South Korea

U.S. Delays Departure of Oil Tanker for DPRK
SK1201105195 Seoul YONHAP in English 1032 GMT
12 Jan 95

[FBIS Transcribed Text] Yochon, Jan. 12 (YONHAP)—A Chinese tanker loaded with heavy oil for North Korea is rescheduled to leave here for the Sonbong Port of North Korea on Jan. 15 instead of Thursday [12 January] afternoon as originally planned.

"We understand that since the current U.S. trade embargo against North Korea would remain effective through Jan. 15, the United States has called for the

delay in a move to ship the oil once the embargo period is over," an official of Honam Oil Refinery's Yochon Plant said Thursday.

Honam Oil Refinery has earned a contract from U.S. military petroleum authorities for the supply of the first batch of heavy oil the United States is set to provide to North Korea in return for Pyongyang's freezing of its nuclear facilities.

The Chinese tanker, Da Qing No. 94, has been loaded with 22,450 tons of heavy oil at Yochon Plant's Sapo Oil Pier and is being anchored off the Yosu Harbor.

Da Qing No. 94 will leave for North Korea Sunday afternoon along with the second tanker, Lark Lake of Liberian registry, scheduled to sail into Yochon Saturday morning.

Unification Board Presents Report to President

SK1101014595 Seoul YONHAP in English 0116 GMT 11 Jan 95

[FBIS Transcribed Text] Seoul, Jan. 11 (YONHAP)—The government plans to cooperate in helping North Korea gain admission to international economic bodies like the Asia Development Bank (ADB) and World Bank in order to promote practical inter-Korean relations and economic exchanges in the world arena.

To sustain expansion of inter-Korean economic projects, the government will also increase direct trade in complementary commercial items—South Korean foodstuffs, clothes and daily necessities and the North's minerals, construction materials and herbal medicines.

These plans were presented to President Kim Yong-sam by Deputy Premier and National Unification Minister Kim Tok Wednesday morning during the latter's report on the NUB's [National Unification Board] major programs for this year.

The NUB minister reported the government will utilize the implementation of the Washington-Pyongyang nuclear agreement as an impetus for improving inter-Korean relations.

"By expanding South-North Korean exchanges on a gradual basis, the government will assist North Korea's opening of its doors and (effecting of) changes," he said.

Noting that his ministry will create an inter-Korean cooperative fund worth 200 billion won by year's end, Kim Tok said full-fledged economic cooperation will be expanded after institutional guarantees of personal safety and investment are provided.

He said exchanges in the fields of language, academics, religion and culture will also be activated in pace with such economic cooperation.

"Even before the South-North Korean agreement, the government will positively seek, through third countries,

to identify dispersed families and facilitate letter exchanges and reunions of separated families," he said.

In connection with providing light-water nuclear reactors to North Korea, Kim said the program will be implemented in a manner that promotes better inter-Korean ties.

However, he said the government plans will be carried out on condition North Korea sincerely implements the nuclear agreement reached in Geneva last October.

Citizens May Send Money North

SK1201113095 Seoul YONHAP in English 1117 GMT 12 Jan 95

[FBIS Transcribed Text] Seoul, Jan. 12 (YONHAP)—Dispersed people in South Korea are enabled to send some daily necessities or small amounts of cash to their families in the North by way of third countries.

In a guideline released Thursday [12 January] on procedures for exchanges between dispersed families in South and North Korea, the National Unification Board [NUB] said dispersed families may send some daily necessities like clothes, medicine, television sets and radios to their families in North Korea.

The guideline said it is also possible for them to remit money in small amounts to an extent that does not run counter to the foreign exchange management law as revised last year.

"We understand that some dispersed families have been clandestinely sending money or daily necessities to their families in the North," said a Unification Board official. "We have taken the step to formalize such practice from the humanitarian point of view."

As for the method of remittance, the official said dispersed families may send money in amounts of 100 to 200 U.S. dollars per case to their families in the North by way of third countries.

He added that no limit to the frequency of such remittance has been set yet.

Noting that the basic South-North agreement and a related auxiliary agreement signed in 1991 provide for the exchange of letters, meetings and reunions between dispersed families, the official said his government intends to take more positive and forward-looking measures to resolve the dispersed family issue in a move to help improve inter-Korean relations.

Four Firms Approved To Visit DPRK

SK1201072995 Seoul YONHAP in English 0706 GMT 12 Jan 95

[FBIS Transcribed Text] Seoul, Jan. 12 (YONHAP)—The National Unification Board (NUB) has recently given four more enterprises the green light to send their

delegations to North Korea on business purposes, the board spokesman said Thursday [12 January].

Those who obtained the approval comprise 12 officials of the Hanwha Group headed by Yi Chin-u, president of Hanwha Group chairman's office: 10 of the Tongyang Group led by Pak Chae-yun, vice chairman of the group: three of Sinwon Corp. including Chairman Pak Sung-chol: and five of Daewoo Group, to be headed by Yi Kyong-hun, vice chairman.

The government approved six enterprises to go ahead with their North Korea visit plans on Dec. 10 as an initial follow-up to its decision on Nov. 8 to revitalize the inter-Korean economic cooperation.

Kim Tok, deputy prime minister and NUB minister, said, "The government plans to focus on paving the way for substantive dialogue and improved relations with North Korea on the basis of economic exchange and cooperation."

Meanwhile, the Tongyang Group announced Thursday that it obtained an official approval for its North Korea visit plan on Tuesday. Tongyang is now working out the itinerary of its mission with North Korean authorities.

Beijing branches of Tongyang Cement Corp. and Tongyang Confectionery Corp. have contacted North Korean officials and recently received an invitation from Kim Chong-u, chairman of North Korea's External Economic Cooperation Commission, the group said.

Tongyang plans to discuss ways to cooperate with North Korea in the fields of cement, confectionery and food.

Hyundai Not To Send Mission

SK1201023295 Seoul YONHAP in English 0122 GMT 12 Jan 95

[FBIS Transcribed Text] Seoul, Jan. 12 (YONHAP)—The Hyundai group will not send a mission to North Korea for the time being, as North Korea's proposals are different from its business plans in the North.

The group was issued a North Korea visit permit by the National Unification Board on Dec. 10, along with four other conglomerates.

A Hyundai official said Thursday that although the group was given last month the official go-ahead for a plan to send a 10-member mission, led by Chairman Yi Chun-nim of Hyundai Corp., to the North, it would not hurry with the plan until the differences with North Korea regarding its business projects in the North are settled.

"The North Korea visit permit is valid for three months, and I don't think the differences with the North will be settled during this period," he added.

In contacts with North Korean officials in Beijing and elsewhere, Hyundai has bid for such projects as construction of ship repair docks and rolling stock assembling

lines in Wonsan and Pyongyang, development of Mt. Kumgang into a tourist area and promotion of a joint-venture resources development with the North in Siberia, but the North wants to limit Hyundai's business interest in the North to the light industry in the Najin-Sonbong area.

But industry sources said Hyundai had shelved its North Korea visit plan because the government, giving the green light for the plan, removed honorary Chairman Chong Chu-yong from the visiting mission.

The government also excluded Chairman Kim Sok-won of the Ssangyong group from the group's mission to visit North Korea, saying a visit of the North by business group heads is not desirable for the time being.

Unlike Ssangyong, Hyundai has pushed ahead with its North Korea investment plan strictly on the basis of Chong's idea, and sending a mission without Chong to the North is meaningless to Hyundai, sources said.

Yi Yong-il, managing director for cultural affairs of the Hyundai group, said, "If we are interested in the Najin-Sonbong area development program, we can send a mission to the North right now, but the Najin-Sonbong area development program is considered not in agreement with the group's business strategy."

Prime Minister Emphasizes N-S Political Accord

SK0901033295 Seoul YONHAP in English 0300 GMT 9 Jan 95

[FBIS Transcribed Text] Berlin, Jan. 9 (YONHAP)—Prime Minister Yi Hong-ku emphasized that the South and North Korean governments need to conclude a political agreement in an interview published in the German newspaper DIE WELT Monday [9 January].

Yi said such a political agreement is necessary to provide guidelines for all future inter-Korean cross-border visits and other activities through the truce village of Panmunjom which he said are likely to increase in the future.

If these activities are realized, a political accord is indispensable to ensure the personal safety of South Koreans traveling to the North and protect South Korean investment in the North and remittances of investment profits by South Koreans doing business in the North.

Yi gave the interview last November when he visited Germany as deputy premier and National Unification Board minister. He became prime minister last month.

He said North Korea is worried about a German-style "absorption unification," adding that the northern leadership is only interested in maintaining its political system under the current confrontational structure of South and North Korea.

Yi forecast that unification of the Korean peninsula will be a long time coming, in contrast to German reunification.

Unification should be pushed in stages after a period of co-existence on the basis of mutual prosperity for the Korean people and following a period of adaptation.

Yi added, however, that South Korea will have to be prepared for any sudden changes which might arise from unexpected developments inside North Korea.

DPRK 'Plans To Promote Foreign Investments'

SK1101053595 Seoul SEOUL SINMUN in Korean 11 Jan 95 p 8

[By reporter U Tok-chong]

[FBIS Translated Text] North Korea plans to promote foreign investments in 89 Najin-Sonbong free economic and trade zone infrastructure and industrial projects worth \$6.993 billion. North Korea also presented a basic wage program for North Korean workers. The minimum wage for a North Korean worker in the economic and trade zone is set at 160 North Korean won per month and for a North Korean worker outside the economic and trade zone is 220 North Korean won.

According to a booklet, "Guidelines for North-South Economic Cooperation," issued by the Export and Import Bank on 10 January, North Korea will promote foreign investments in the Najin-Sonbong free economic and trade zone amounting to \$3.329 billion for seven infrastructure projects (\$1.658 billion for port facilities, \$158 million for railway construction, and \$729 million for airport construction) and \$3.664 billion for 10 industrial areas, including the Sinhung area (\$201 million) and the Paekhak area (\$944 million).

In an effort to promote foreign investments in the Najin-Sonbong free zone, North Korea proposed a minimum wage of 160 North Korean won per month for workers in this free zone. However, considering the fact that North Korea's wage structure includes overtime pay and various kinds of cash awards incentives in addition to the basic wage, the lowest wage amounts to 200 North Korean won [approximately \$100].

DPRK Expected To Suffer Food Shortage in 1995

SK0901021495 Seoul MAEIL KYONGJE SINMUN in Korean 8 Jan 95 p 2

[By reporter Chang Kyong-tok]

[FBIS Translated Text] North Korea's grain output increased somewhat compared with last year, but as usual, it did not satisfactorily meet its demand. Thus, it is forecasted this year's food shortages will be severe.

Based on an analysis of materials by domestic and foreign research institutes, on 7 January the Office of Rural Development issued a publication entitled "Assumption of North Korea's Grain Output for 1994." It said North Korea's 1993 grain output was 3.884 million tonnes and its 1994 output was 4.125 million tonnes, a 6.2 percent increase.

Rice output for 1994 was 1.502 million tonnes (13.6 million som [1 som=5.12 U.S. bushels or 47.6 U.S. gallons]), while its 1993 output was 1.317 million tonnes (9.80 million som), an increase of 14 percent. However, the North's rice output is only at a 29.7 percent level when compared with the South's rice output, which was 5.06 million (35.13 million som).

Last year, North Korea's rice growing area was 570,000 hectares, and its rice yield per chongbo [1 chongbo=2.45 acres] was 264kg. On the other hand, South Korea's rice growing area was 1.102 million hectares, and its rice yield per chongbo was 459kg.

Harmful Bleach Allegedly Found in U.S. Juice

SK1101065795 Seoul YONHAP in English 0619 GMT 11 Jan 95

[FBIS Transcribed Text] Seoul, Jan. 11 (YONHAP)—Excessive amounts of harmful bleach that could cause gastritis have been discovered in lemon juice that Nong-sim Co. imported from the United States last December.

The Health and Welfare Ministry, based on findings by the Pusan quarantine office, Wednesday ordered the local importer to discard or return the product in question to the manufacturer, a ministry spokesman announced.

Tests for residual sulphur dioxide of 129,737 kilograms (kg) of lemon juice worth 125,000 U.S. dollars, which Nong-sim Co. imported earlier, showed the product contained 226 to 263 ppm of the substance, 1.5 to 1.8 times the permissible limit of 150 ppm.

As a result, the ministry placed under restraint over 72,000 kg of lemon juice kept in the bonded warehouse or stored by the importer. For the remaining 57,000-odd kg of lemon juice already in circulation, the ministry instructed special city and provincial governments as well as the importer to collect and dispose of the product.

The lemon juice at issue was manufactured by Borden Co. of the United States.

The ministry has also decided to collect and check other imported lemon juice products from Borden to determine whether they contain excessive quantities of bleaching agents.

In 1994, South Korea imported 680 tons of lemon juice worth 725, 000 dollars from the United States.

U.S. Embassy 'Arrogance' in Issuing Visas Noted

SK0901051095 Seoul HANGYORE SINMUN in Korean 9 Jan 95 p 4

[Report by Kim Song-ho]

[FBIS Translated Text] It has been learned that the arrogance [hoengpo] of the U.S. Embassy in the ROK in issuing visas to Koreans is becoming more serious with each passing day. This arrogance has been revealed in

the fact that the rate of refusal of visas to Koreans over the last 10 years is four times greater than that to the Japanese.

In particular, many people point out that the drastic increase in the number of instances in which relevant staffs in the U.S. Embassy in Seoul refused to issue visas based on their own arbitrary judgment, and their arrogance against Koreans, is going too far, even if one takes into consideration the diplomatic custom that "the issuance of visas is the right of the nation issuing the visa."

The "Status of Issuing Visas by the U.S. Embassy in the ROK," which was turned over early last month to the ROK Foreign Ministry by Frank Murkowski, U.S. Republican senator who simultaneously visited North and South Korea, indicates that the rate of U.S. refusals to issue visas to Koreans over the last 10 years is 12.6 percent, four times greater than to Japanese, which is 3.5 percent (ROK Foreign Ministry estimation).

Of 318,000 visa applicants in our country from January to June last year, 22,000 applicants, or 7 percent, were denied visas.

Relevant officials in diplomatic circles [oegyo kwangye-jadul] point out it is quite understandable since many Koreans illegally stay in the United States (the government's estimate is about 200,000); thus, the U.S. Embassy is compelled to conduct strict examinations. Nevertheless, the vague standard applied in issuing visas and the embassy staff's arrogance should be rectified. Of the reasons for refusing to issue visas, 99 percent related to the possibility of illegally staying in the United States (86.4 percent) and failing to prepare the necessary documents (13.4 percent). This points out the possibility of denying visas according to the embassy staff's arbitrary judgment.

This arrogance by the U.S. Embassy in refusing visas was prompted by abstract guidelines from the U.S. State Department stipulating "visa issuance may be denied to an applicant if the possibility exists of the applicant's illegally staying in the United States." In other words, the consul officer in charge of issuing visas in the U.S. Embassy is entitled to refuse visas at his own judgment.

The U.S. Embassy issues visas in a high-handed manner not only to ordinary people, but also to college professors whose social position is certain, thus raising a row.

Yun Ku-pyong, a professor at Chungbuk University who is renowned in the ROK in philosophical studies, applied for a visa on 23 December to visit the United States at the invitation of a U.S. Methodist church. He was humiliated by a U.S. Embassy employee who tore up his visa issuance notification, using abusive language.

Professor Yun submitted perfectly the materials required for visa issuance, including his itinerary in the United States; the certificate of official position; the certificate of bank deposit; and the certificate for tax

payment. Nevertheless, his visa was denied. Thus, he protested to the embassy employee, but faced only arrogance.

In the past, the government repeatedly requested that the U.S. Embassy provide materials on the status of visa issuance in order to solve any problems. However, the United States refused to forward the materials on the pretext that "they may instigate the Korean people's anti-U.S. sentiment."

Government Begins Preparations for WTO System

SK1201011695 Seoul THE KOREA HERALD in English 12 Jan 95 p 8

[FBIS Transcribed Text] The government, as part of its anti-inflationary battle this year, will reduce tariff rates for manufactured goods which show wide gaps in their domestic and international prices. Among the items whose prices are much higher here than abroad are automobiles and TV sets.

To ensure that the wider market opening under the World Trade Organization [WTO] system will help stabilize the domestic prices, the government will also gradually abolish its import source diversification scheme (away from Japan) through advance announcement.

It will announce import prices of major consumer goods, so that lowered import prices as a result of the won's revaluation can also help lower the domestic prices of these items.

For raw commodities whose prices and supply fluctuate in international markets, the government will flexibly apply tariff quotas so as to prevent a domestic bottleneck.

These are the highlights of government measures to stabilize domestic prices this year decided at a meeting of vice ministers. Yi Sok-chae, vice minister of finance and economy, presided over the meeting.

The government has set this year's inflationary target at an annual average of 5 to 5.5 percent, lower than the 5.6 percent consumer price gains for the whole of 1995. Deputy Prime Minister Hong Chae-hyong reported to President Kim Yong-sam last week that the price stability will be the foremost economic task this year.

Most private economic research institutions, however, say the government's inflationary target will turn out to be too optimistic, forecasting the annual price increase at more than 6 percent.

The government's own projections appear to acknowledge that there will be difficulties for its price administration this year. The government report cited an estimated economic growth of 8.2 percent for 1994, businesses' continuous brisk investments increases, low

unemployment rate, four local elections and international raw commodity price rises.

Various commodity and service prices have steeply risen for the first few days of this year. For instance, consumer price of coffee jumped 18.8 percent from the end of 1994, and those of instant noodle, 13.6 percent. Major service rates, including charges at public baths and restaurants, also rose.

The ministry instructed the businesses last week to restore their prices to 1994 level, while freezing all service rate increases for the first three months of 1995.

As part of its efforts for smooth supply of popular agricultural goods, it will push for contract farming with overseas growers. However, the government has yet to decide on what farm items it will grow, and in which countries.

It also will maximize some imports that can be supplied by North Korea, including that of potatoes, sesame, apples and Alaskan pollack, this year, according to the government measures.

Seoul Applies to UN Convention Against Torture

SK0901055495 Seoul YONHAP in English 0510 GMT 9 Jan 95

[FBIS Transcribed Text] Seoul, Jan. 9 (YONHAP)—South Korea filed an application with the United Nations Monday [9 January] to join the International Convention Against Torture, demonstrating its willingness to improve human rights both at home and abroad, the Ministry of Foreign Affairs said Monday.

The convention against torture and other cruel, inhumane or degrading treatment or punishment, which was adopted by the UN General Assembly on Dec. 10, 1984, now has 86 signatories.

The convention calls for signatories to submit to UN scrutiny of their human rights records to prevent any violations, according to the ministry.

It also allows the UN Committee Against Torture to bring cases of human rights violations to the International Court of Justice for more balanced and unbiased settlement.

The government, however, decided not to accept the convention's provisions on the right to take issue with the human rights records of other countries and to allow individuals to file petitions against human rights violations.

The ministry explained that such provisions could limit national sovereignty and spark unnecessary diplomatic conflicts.

Ministry officials said that 51 signatories to the convention including the United States and Germany have yet to sign these provisions.

The United States joined the convention last year while Japan has yet to do so, charging that some of its provisions run counter to Japanese domestic laws, according to the officials. One concerns punishment for those caught attempting to torture others.

With its admission to the convention taking effect Feb. 8, 30 days after submitting its application, the country will play a part in almost all international conventions on human rights. Seoul joined the international covenants on education, social and cultural rights as well as the international covenants on civil and political rights in 1990.

Kim Receives Reports From Government Ministries

SK0901032295 Seoul YONHAP in English 0227 GMT 9 Jan 95

[FBIS Transcribed Text] Seoul, Jan. 9 (YONHAP)—President Kim Yong-sam has told his economy-related ministers the government must attain 7 percent economic growth this year with a 5-percent price increase rate.

Kim gave the instruction at Chongwadae [presidential offices] on Monday [9 January], the first day he received reports on the new year's administrative programs of the Economy-Finance Ministry and seven other ministries.

The chief executive said the country's price structure must be modeled after advanced nations in two to three years while instructing related ministries to cooperate closely in readjusting public utility fees to prevent public unease over rising prices.

He emphasized that Korean businesses must avoid labor disputes so that they can become world-class players.

He added that firm legal order is needed to create industrial peace and dispel illegal labor-management strife.

In addition, Kim ordered thorough preparation for the implementation of the real-name system in property dealings as announced recently.

Noting that localization is a prerequisite to the country's globalization, Kim said policy coordination and cooperation must be strengthened to promote the mutual interests of the central and local governments and people living in different provinces.

"The most pressing task for the national goal of globalization is reinforcement of the government's competitiveness," he stressed. "Each ministry should strive to improve productivity on its own in addition to its organizational revamp."

The Chongwadae meeting was attended by over 200 senior officials at the level of director-general and above

serving at the Ministries of Economy-Finance, Agriculture-Fisheries, International Trade-Industry, Information-Communications, Labor Affairs, Construction-Transportation, Science-Technology, and the Fair Trade Commission.

Kim later hosted lunch for the participants and exchanged views on the economic situation at home and abroad as well as globalization.

Foreign Ministry Reveals Plans

SK1101032295 Seoul YONHAP in English 0302 GMT
11 Jan 95

[FBIS Transcribed Text] Seoul, Jan. 11 (YONHAP)—The Foreign Ministry will play an active part in shaping a new "world order" based on the newly launched World Trade Organization (WTO) and economic regionalism this year, while working to strengthen ties with powerful nations that are turning inward after the Cold War's end, Minister Kong No-myong said Wednesday.

While briefing President Kim Yong-sam on key projects for this year, Kong also said his ministry will forge ahead with plans to invite the presidents of China and Russia to come to Korea and arrange the president's state visits to several European Countries, Japan and the United Nations.

For more efficient diplomacy toward major countries, the ministry will increase manpower to deal with them and recruit experts in a variety of fields, according to ministry officials.

It will also finish drawing up construction plans for the ministry building and erect a guesthouse for officials from foreign countries this year, they said.

Moreover, the ministry will strive to launch the Korea Energy Development Organization (KEDO) in 1995 as scheduled in close cooperation with the United States and Japan while trying to play a central role in providing light-water nuclear reactors to North Korea.

The ministry hopes to induce the North Koreans to open their country to the outside world through direct talks and through multilateral security negotiations on northeast Asia.

The North's drive to replace the current armistice accord with a peace treaty will also have to be addressed through direct talks between Seoul and Pyongyang this year, the ministry said.

Among other projects the ministry will pursue in 1995 are diplomatic efforts to host the world cup soccer finals and Asian games in 2002, seeking the post of director-general of the WTO, securing a nonpermanent seat on the United Nations Security Council and staging a variety of programs to commemorate the 50th anniversary of the country's liberation from Japanese colonial rule.

On the outlook for international politics, Foreign Minister Kong said Seoul needs to monitor North Korea in the wake of the death of Kim Il-song and China should Supreme Leader Deng Xiaoping pass away.

Kong also predicted that North Korea's fulfillment of the Geneva accord signed with the United States will be important to securing peace and stability in Northeast Asia this year.

Agriculture Ministry on 1995 Plans

SK1101065595 Seoul YONHAP in English 0632 GMT
11 Jan 95

[FBIS Transcribed Text] Seoul, Jan. 11 (YONHAP)—Foreign agricultural products are being introduced on a wide scale as the World Trade Organization (WTO) agreement kicks in.

The Agriculture-Forestry-Fisheries Ministry fixed and announced Wednesday this year's plan for importing such items as red peppers, garlic, onions and oranges under the WTO's minimum market access (MMA) system.

According to the plan, the government has decided to bring in 4,311 tons of MMA-designated peppers from China and will hold a bid for such purchases next Monday. Of the MMA amount, 1,000 tons will arrive on Feb. 20 and another 1,000 tons on 28, according to the ministry.

In the case of garlic, the country is to import 8,680 tons of the MMA-requested amount this year. Of that, the authorities have already ordered 3,000 tons of Chinese garlic from Singapore and will place an order for the rest between June and August, ministry officials disclosed.

The government also decided to import 6,000 tons of onions this month and 1,500 tons in February, of which 1,500 tons have already come from the United States. The MMA amount of onions is 12,369 tons.

For oranges, this year's MMA volume is 15,000 tons and the government plans to purchase the entire lot from the United States by the end of March, the officials said.

As the country's orange production reached 176,000 tons in 1994, there will not be a notable impact on domestic orange prices, they predicted.

Trade, Industry Ministry Plan Revealed

SK1101023295 Seoul THE KOREA HERALD in
English 11 Jan 95 p 8

[FBIS Transcribed Text] The government will give top priority in its trade and industry policy to gaining a competitive advantage and expanding the overseas markets for Korean products this year.

In a report to President Kim Yong-sam, Minister of Trade, Industry and Energy Pak Chae-yun said Monday

that the government will encourage technology development in the face of growing competition under the new World Trade Organization (WTO) regime.

Competition will heat up in all sectors, which will open up under the new trade system, Pak said, while the anticipated rise in wages and the strengthening of the Korean won cloud the prospects for exports.

To help domestic corporations tide over such difficulties, he said, the government will spend 192.8 billion won in 524 projects to develop basic industrial technologies and make them available to the private sector.

The government will promote competition in the domestic market so that domestic enterprises will be able to survive intensifying competition from abroad, he said.

For this, he said, the government will ease or remove many of the restrictions on corporate investment and reduce the number of items whose import from Japan is banned.

Large corporations will be allowed to invest in a growing number of business areas that have been open only to small and medium-sized companies in the past, he said.

To help domestic corporations gain a competitive edge, he said, the government will strive to train skilled manpower, provide factory sites at low costs, improve distribution and expand infrastructure.

The government will increase the number of students admitted to engineering colleges while developing more land as factory sites, he said.

In a joint project with the private sector, the government plans to open a four-year technical correspondence college.

To help corporations to reduce distribution costs, the government will push for standardization and automation and build distribution centers in Seoul and three other major urban centers in the nation.

The government will maintain consistency in its policy to help corporations make investment decisions and put resources to effective use, he added.

The government will also promote transparency and deregulation to encourage the private sector to take initiatives in business activities.

It will help foster machinery, materials, textile, chemical, electric and electronics industries in particular, he said.

Growth in the domestic production of capital goods will reduce Korea's trade deficit with Japan.

Korea will become one of the five largest automakers in the world this year, while it will also take a 30 percent share of the world's shipbuilding market, he said, adding

that the government will help promote capacity expansion, investment in research and development, and the development of high-end ships.

In the electric and electronics industries, the government will support the local production of core parts and materials and the joint development of high-definition television with China.

The government will prepare for new rounds of multilateral negotiations on the environment, labor and competition, which are expected to start in the near future, he concluded.

Papers Comment on Reports to President

SK1201104895

[FBIS Editorial Report] The following is a compilation of editorials and articles from ROK vernacular newspapers published on 12 January commenting on the New Year programs submitted on 11 January to President Kim Yong-sam by the National Unification Board [NUB], the Foreign Ministry, and the Defense Ministry.

The conservative CHOSON ILBO carries on page 3 an 800-word editorial entitled "No Security Show." The editorial questions why a meeting of the Unification and Security Policy Coordinating Committee has not been held in the 20 days following the cabinet reshuffle, and if this means ROK security is secure enough. Noting U.S. moves to charge the cost of all heavy oil following the first shipment to the Korea Energy Development Organization [KEDO], as well as noting the ongoing meeting between the ROK, the United States, and Japan on the establishment of KEDO, the editorial doubts if the ROK reunification and security team can cope with the situation without close coordination. The editorial states: "The ROK should not merely respond when U.S.-North Korea negotiations call for ROK measures, or expect North-South dialogue to be resumed along with U.S.-North Korea relations, but should develop an independent policy to induce North Korea to engage in dialogue." The editorial concludes that it is lax and anachronistic to remain an observer and allow the United States to handle relations with North Korea.

The moderate TONG-A ILBO carries on page 3 an 800-word editorial entitled "Independent Foreign Relations Capability Should Be Fostered." The editorial states North-South relations cannot achieve a breakthrough unless the ROK is diplomatically independent. The editorial therefore calls for "a readjustment of ROK-U.S. relations," noting the "bitter experience" of the nuclear negotiations with North Korea, the helicopter incident, the U.S. attitude in conveying North Korea's demand to repatriate war prisoners, and U.S. moves to concede that ROK-style light-water reactors not be specified. The editorial states that in future ROK-U.S. relations, "the ROK's independent diplomatic and defense capabilities should be respected."

The TONG-A ILBO carries on page 4 a 1,000-word article by reporter Pak Che-kyun criticizing the contents of the New Year report as containing nothing new. The article states that even though the relevant ministries stressed North-South economic cooperation, they did not present measures to solve the situation in which North Korea officially and strongly rejected economic cooperation. The article also criticizes the clause "in accordance with the trends of economic cooperation" regarding non-commercial exchanges in linguistics, academic, and religious fields. The article comments that allowing family reunions in a third country is a mere repeat of the old policy, and that preparations for sudden reunification are not sufficient. Regarding the peace agreement, the article insists direct dialogue between North and South is not feasible.

The pro-government SEOUL SINMUN carries on page 3 a 900-word editorial entitled "The Road for Actual Development of North-South Relations." The editorial does not expect a drastic change in the basic direction of foreign relations and security policies, but does expect a change in tactics. The editorial expects the new foreign relations and security team will adopt "a practical and realistic line, not one that is conservative or progressive," because the team's ultimate task is "the implementation of U.S.-North Korea nuclear agreement; the resumption of North-South dialogue; and the opening, not the collapse, of North Korea through economic recovery and democratization." The editorial therefore calls for flexible and practical measures in dealing with the light-water reactor issue in order to dispel North Korea's fear of collapse of the system.

The left-leaning HANGYORE SINMUN carries on page 3 a 1,200-word article by reporters Kim Song-ho and Pak Chung-on expressing disappointment over the lack of new foreign relations and reunification policy in the new year report. The article criticizes the NUB and Foreign Ministry for not preparing for the drastic changes expected this year due to the reform of the order on the Korean peninsula. The article assesses the report as "an omnibus display of old policies with abstract slogans." Admitting the government's passive attitude could be attributed to North Korea's continuous slandering, the article states the government's attitude disappoints the ROK people's aspiration for improved North-South relations. Regarding foreign relations, it writes the Foreign Ministry made a correct diagnosis that the death of Deng Xiaoping, the implementation of North Korea-U.S. nuclear agreement, and the inauguration of the World Trade Organizations are important factors to peace and stability of the Korean peninsula, but the New Year report failed to present a prescription for a clear policy direction.

Kim Urges Foreign Ministry Globalization Role

SK1101081895 Seoul YONHAP in English 0759 GMT
11 Jan 95

[FBIS Transcribed Text] Seoul, Jan. 11 (YONHAP)—President Kim Yong-sam wants the Foreign Ministry to

play a leading role in the country's globalization by making use of its 141 overseas missions, Minister Kong No-myong said Wednesday.

Meeting reporters after briefing the president on the ministry's major programs for this year, Kong also quoted Kim as saying that the ministry will have to take a firm stance on the establishment and operation of the Korea Energy Development Organization (KEDO), the international consortium being created to build light-water nuclear reactors for North Korea.

Moreover, Kim demanded that government ministries and agencies in charge of diplomacy and security maintain coherence in dealing with related policies through close cooperation.

The president also discussed the need to construct a Foreign Ministry building and guesthouse for state visitors which amply demonstrate South Korea's national power, according to Kong.

In response, Kong said his ministry will form a task force for building the guesthouse sometime this year.

The ministry has been collecting case studies of guesthouses in other countries over the past months, he noted.

Kong said he is well aware that globalization is being pursued so Korea can become a first-class country in terms of goods and services.

But "in terms of diplomacy and security, globalization means a national strategy to remain one of the world's advanced countries in the 21st century by enhancing our national interests on the basis of firm national security," he said.

On the question of security in Northeast Asia, Kong said his ministry will welcome and support any effort by Pyongyang to join international or regional security and economic groups including the Asia Regional Forum (ARF) and the Asia-Pacific Economic Cooperation (APEC) forum.

The Foreign Ministry will also work to persuade the North Koreans to open their country to the outside world and implement the nuclear accord they signed last year with the Americans.

To overcome the chronic manpower shortage plaguing the ministry, Kong said administrative work will be simplified, enabling personnel to be reassigned.

Embassies in countries which have close economic and security relations with Seoul will have more staff members than before through a streamlining of embassies in smaller nations, he said.

Kong Emphasizes Improved Relations With Press

SK0901070795 Seoul YONHAP in English 0631 GMT
9 Jan 95

[FBIS Transcribed Text] Seoul, Jan. 9 (YONHAP)—Foreign Minister Kong No-myong said Monday [9 January] his ministry must improve relations with the press,

apparently alluding to some media organizations' negative depiction of him since he took over as the country's top foreign policy-maker.

At a ministry meeting attended by division directors and higher officials, Kong asked for help in preventing incorrect media reporting by providing timely announcements. He cited recent reports on the creation of the Korea Energy Development Organization (KEDO) and personnel changes at the ministry, one participant said.

To this end, Minister Kong ordered a reinforcement of the functions of the Public Information Office while designating a deputy director-general-level official at each office and bureau to take charge of the press in giving full explanations of the ministry's business, a ministry source revealed.

He placed particular weight on improved organization, saying he will hold a meeting one Monday per month attended by division directors and higher officials.

Expressing concern about the administrative vacuum caused by the recent personnel shake-up, the minister said that all business must be handed over by officials and newcomers should be completely informed.

Relations Among Security Council Members Viewed

*SK1101065695 Seoul HANGUK ILBO in Korean
11 Jan 95 p 5*

[Report by Yu Sung-u: "Will the New Diplomatic-Security Team Work Harmoniously?"]

[FBIS Translated Text] The diplomatic-security council members of the new cabinet officially exchanged greetings and began work on policy coordination in a conference for reunification-security affairs on 9 January. All the members of the coordination conference are new, but "professionals" on North Korean policy. This contrasts with previous members who were political science scholars "with no practical experience."

The former director of the Agency for National Security Planning [NSP] and presently the Deputy Prime Minister, Kim Tok, new NSP Director Kwon Yong-hae, chief of presidential secretaries Han Sung-su, Foreign Minister Kong No-myong, Defense Minister Yi Yang-ho, and Yu Chong-ha, senior presidential secretary for diplomatic and security affairs, are thought to be "well-versed in North Korean affairs."

However, it is unclear as to who will actually lead the team of North Korean policymakers and what role each office will play. This is another point of distinct contrast with the previous team. Thus, many relevant officials said they felt a somewhat awkward atmosphere in the team's first official meeting.

Some people observe that since the foreign minister and the senior presidential secretary for diplomatic-security affairs are career diplomats, the Foreign Ministry will

take the lead in North Korean policy for the time being. A minor disagreement between the Foreign Ministry and the National Unification Board [NUB] reportedly surfaced over the convocation of the recent conference because of this.

Deputy Prime Minister Kim's position is made precarious by Prime Minister Yi [Hong-ku], an expert on the reunification issue. As an advisory organ directly under the president, the coordination conference for reunification and security policy is only obligated to present an ex post facto report to the prime minister. However, Prime Minister Yi made public his North Korean policies in his inauguration address, in his opening remarks at a meeting of reunification issue advisers, and in an interview with a foreign paper. This being the case, it was learned that the NUB asked the Prime Minister's office to pay attention to "mutual cooperation" in the latter's public relations activities.

Members of the incumbent team are also linked academically. Prime Minister Yi, Deputy Prime Minister Kim and Foreign Minister Kong are all graduates from different classes of Kyonggi High School and Seoul National University Law College. Foreign Minister Kong is from the 48th class, and is most senior. Prime Minister Yi is from the 49th, and Deputy Prime Minister Kim is from the 50th, in inverse order from their respective official positions.

People are interested in seeing how the incumbent team will work together in a system where the direction of initiatives will be decided by the members, regardless of rank or order.

Minister Urges Strengthening of Armed Forces

*SK1101051495 Seoul YONHAP in English 0504 GMT
11 Jan 95*

[FBIS Transcribed Text] Seoul, Jan. 11 (YONHAP)—Defense Minister Yi Yang-ho called on the Armed Forces Wednesday to establish firmer military discipline and improve morale so that combat readiness can be strengthened.

In his first letter to commanders of all brigade-level units and staff members this year, he said the military should step up its efforts to support national policy with strong security in the new year.

"We must make an all-out effort to improve combat readiness with firmer discipline and higher morale in the Armed Forces," he stressed.

Restructuring the Armed Forces into a productive and efficient fighting machine is the most pressing task facing the military, he noted.

To this end, the military must ride the trends of globalization, information and specialization so that it can shift from a labor-intensive combat organization to a technology-intensive one in preparation for the expected arms reduction after the country is unified.

Any Armed Forces restructuring should be directed to trimming non-combat troops and duplicated services for increased fighting power through balanced development of the three services, he stressed.

Noting that defense spending accounts for 22 percent of the national budget, he said the money should be allocated in a fair and transparent manner so that no room is left for corruption.

As North Korea has not changed its strategy of constructing a socialist government in South Korea in the 1990s, the military must prepare for all emergencies, he stressed.

Kim Gives Order on Real-Name Property System

*SK0901055695 Seoul YONHAP in English 0512 GMT
9 Jan 95*

[FBIS Transcribed Text] Seoul, Jan. 9 (YONHAP)—President Kim Yong-sam instructed Finance-Economy Minister Hong Chae-hyong Monday [9 January] to implement the real-name system for realty transactions from July 1.

Kim, who gave the order while receiving New Year's reports from economy-related ministries at Chongwadae [presidential offices], urged them to finalize implementation steps by April.

Poll Finds Urbanites Favoring Real-Name System

*SK1201032695 Seoul YONHAP in English 0229 GMT
12 Jan 95*

[FBIS Transcribed Text] Seoul, Jan. 12 (YONHAP)—Most large city dwellers favor the real-name property ownership system and expect that it will be conducive toward checking real estate speculations and price stabilization. The real-name property ownership system goes into effect on July 1.

A telephone poll the Hyundai Research Institute, an affiliate of the Hyundai Group, conducted Tuesday of 600 adult male and female citizens of six major cities including Seoul revealed that 53.2 percent of the pollees supported it "in its entirety," and 26.3 percent favored it "to a certain degree."

Asked if they think the system will contribute toward curbing real estate speculation and stabilizing prices, 54.5 percent of the surveyed replied it would contribute to them "to a certain extent," and 25.8 percent contribute "greatly." Some 13.2 percent of those polled opted for "not much" contribution, 4.7 percent "I don't know," and 1.8 percent "little" contribution.

Asked how long they think the real-name property ownership system would remain in practical effect, 46.2 percent of the pollees chose a long period of time, 30.3 percent two to three years, 13.2 percent "I don't know," and 10.3 percent about one year.

On grace period for business firms to change titular owners of their real estates into real names, 41.1 percent of the pollees replied six months, which the government originally envisioned, was sufficient, 21.9 percent opposed to the grace period, and 16.0 percent called for a longer period.

The administration has later decided to set the grace period at one year following the implementation of the real-name property ownership system.

Asked if they would get advantages or disadvantages from the system, 70.3 percent replied neither advantage nor disadvantage. As to whether the system would result in any changes to their daily life, 56.7 percent answered no changes.

Asked about the degree of their knowledge about the system, 6.7 percent opted for specific knowledge, 56.7 percent some knowledge, 29.8 percent "I've heard of the system," and 6.8 percent "I haven't heard of the system before."

Chongwadae on Response to Kim's News Briefing

*SK0901060595 Seoul HANGUK ILBO in Korean 8 Jan 95
p 4*

[From "Political Scene" column]

[FBIS Translated Text] On 7 January, Chongwadae [presidential offices] seemed on the whole satisfied with the response by the press and the people to President Kim Yong-sam's 6 January New Year's news conference.

After a meeting of senior presidential secretaries on 7 January, Chongwadae Spokesman Yun Yo-chun stated: "President Kim is grateful to the press for substantially reporting on the New Year's news conference." President Kim assessed the news conference a success.

As regards whether the announcement by President Kim on carrying out the real-name property system was included in the content of the news conference in advance, Spokesman Yun explained: "It was not announced on the spur of the moment without any prior planning. President Kim thought that if this were officially announced separately at a special news conference, it would be a shock to the people."

Spokesman Yun stated that Han I-hon, senior presidential secretary for economic affairs, reported at the senior presidential secretaries meeting: "Apart from the real-name financial system, since the subject of the real-name property system is land, there is no need to be hasty in this matter. This matter must be carried out after making thorough preparations. After going through working-level negotiations with related departments, a meeting of related ministers will be held to decide on a final blueprint for this system."

President 'Secretly' Meets Ruling Party Chairman*SK1201024795 Seoul YONHAP in English 0149 GMT
12 Jan 95*

[FBIS Transcribed Text] Seoul, Jan. 12 (YONHAP)—President Kim Yong-sam met secretly with Kim Chong-pil, chairman of the Democratic Liberal Party (DLP) on Tuesday and discussed what was believed to be the pressing issue of the ruling party's reform involving leadership change.

Details of their talks were not immediately known, but the Chongwadae [presidential offices] meeting over lunch draws keen attention in that it was held at a time when reformists in the DLP is seeking Chairman Kim's "political retreat" from the top post before the party's national convention slated for next month.

Sources at the ruling party said Wednesday the two Kim's must have had intensive discussion on the political fate of Kim Chong-pil involving the projected massive revamping of the party organization and leadership.

The meeting took place when President Kim invited Chairman Kim for lunch at the presidential residence, the sources revealed.

During the get-together, President Kim was learned to have explained about the purpose and background of the "integrated politics" as envisaged during his new year press conference last Friday and asked for the chairman's positive cooperation for the intra-party reform.

Another official at the ruling party said President Kim emphasized the need for the DLP's strenuous efforts to align itself with the national goal of globalization—a new political concept for next generation.

However, Chairman Kim seemed not to have given a definite answer to the president in view of his continuous reaction against his political retreat after the Chongwadae meeting.

But a senior DLP official noted that the leadership revamp of the party would include the guarantee of Chairman Kim's role and status on a limited scope and such scheme must have been conveyed to him already. "At the moment, Chairman Kim seems to ponder upon his personal problems seriously."

The official continued, "now that he (chairman) has been informed from President Kim of the purport and direction of the party's reform, he must take his own course of action as soon as possible."

But Chairman Kim reacted harshly even after the Chongwadae meeting, an apparent gesture of his desire to remain at the helm of the party.

Kim said he was firmly determined to "overcome every difficulty expected this year" during a dinner he had at a Seoul Hotel with government officials who are natives of his hometown in Puyo, South Chungchong Province.

To a group of visitors on Wednesday afternoon, he said "I will keep a firm hold on what should not be changed in the world."

Kim maintained similar repulsive attitudes when he attended DLP women postholders meeting Wednesday afternoon who are on a training session, asserting that "people are trying to do everything these days without moral basis at least."

Advises Kim Chong-pil To Resign*SK1201094695 Seoul YONHAP in English 0835 GMT
12 Jan 95*

[FBIS Transcribed Text] Seoul, Jan. 12 (YONHAP)—President Kim Yong-sam has formally advised Kim Chong-pil, chairman of the Democratic Liberal Party (DLP), to resign the chairmanship of the party in a secret one-on-one meeting they had at Chongwadae [presidential offices] Tuesday [10 January], informed sources said Thursday.

President Kim, concurrently president of the ruling party, expressed in the meeting his view that it was desirable for Chairman Kim to pull back from the active leadership for their party's globalization, sources said.

A senior DLP official said that President Kim must have asked the chairman to resign the helmsmanship for the party's objective for globalization.

"The DLP chairman is nominated by the party president under the DLP charter," the official said, adding there is no reason for the president to meet the chairman again to discuss the issue as he has already given the notification unequivocally.

He suggested that there was no room for further compromise over the chairman's political fate, saying, "President Kim's determination to elbow the chairman aside seems resolute."

The official further said, however, President Kim will give the chairman special treatment in case he pulls back from the active party leadership.

DP Chairman Threatens To Resign Chairmanship*SK0901033595 Seoul YONHAP in English 0308 GMT
9 Jan 95*

[FBIS Transcribed Text] Seoul, Jan. 9 (YONHAP)—Opposition Democratic Party (DP) leader Yi Ki-taek hinted Monday [9 January] that he may resign the party chairmanship, saying, "I would have no choice but to consider seriously my position as the party chairman unless an agreement is hammered out in the party over issues concerning a party convention prior to local elections."

Yi made the remarks at a meeting of the Supreme Council, whose members failed to iron out their differences over the timing of the party's national convention.

Yi said he is seriously pondering his present situation in deciding whether to retain the chairmanship, noting there is no party consensus on holding a national convention before the local autonomy elections.

He repeatedly urged that the DP national convention be convened in February to give the party a firm footing to win the coming local polls.

Yi's remarks are being taken as a strong indication that he may quit the top DP post unless party members agree on the timing of the national convention and a leadership reorganization.

During Monday's meeting, the opposition party was sharply split over when to hold its national convention, with the Yi faction and reformative non-mainstreamers demanding an early convention and open competition to elect a party chairman while the largest "Tonkyo-tong" faction wanting the convention after the local elections.

Yi stressed that the convention should be held in February to revise the present party charter and regulations in a manner that strengthens the chairman's power and helps the party win the forthcoming local elections.

In contrast, Tonkyo-tong members and middle-of-the-roads objected to Yi's idea and said an open competition would only sap the party's strength.

Meanwhile, Kim Tae-chung, chairman of the Peace Foundation for the Asia-Pacific Region, virtually nixed Yi's proposal for a meeting to discuss the national convention issue. Kim reportedly urged Yi to make a decision after thorough discussion.

Ministry Releases Foreign Investment Figures

SK1101023095 Seoul THE KOREA HERALD in English 11 Jan 95 p 8

[FBIS Transcribed Text] Since Korea opened its stock market for foreign investors in January 1992, net foreign capital inflow—difference between total inflow and outflow—has accumulated to \$9.74 billion as of last Dec. 31, the Ministry of Economy and Finance reported.

In the 1992-1994 period, foreigners bought Korean shares valued at 14.9 trillion won, while selling 8.13 trillion won worth, resulting in net buy of 6.77 trillion won (\$8.51 billion).

The gap of \$1.23 billion between net capital inflow and the amount invested on net basis is due to the time lag between when the capital arrived and when it is actually invested as well as the interval between selling and buying share, a ministry official said. "We are closely watching to ensure that investment money is not used for other purposes," he said.

Foreigners' stock transactions accounted for 2.34 percent of total stock trading at the Seoul bourse in the three-year period.

Last year, the net foreign capital inflow sharply fell to \$1.97 billion, from the \$5.7 billion in 1993 and \$2.06 billion in 1992, respectively. The report attributed the plunge to the fact that foreigners have already reached investment the ceiling which limited their stock holding to 10 percent of a listed firm's total equity.

In March and April when tension mounted between South and North Korea because of Pyongyang's nuclear program, there even occurred net outflow of foreign capital, it said. The balance later returned to net inflow with the government raising the investment cap to 12 percent.

As of the end of Dec. 31, foreigners used up 9.2 percent of their 12 percent investment quota valued at 12.23 trillion won, still leaving 2.8 percent, 3.65 trillion won, yet to be used, it said.

Out of the total 854 issues of 699 companies listed on the Korea Stock Exchange, 125 issues of 107 companies saw their investment quota exhausted.

A total of 3,427 foreigners from 49 countries have been registered as stock investors here, with 2,111 of them being institutional investors. They break down by nationality into the United States 1,265; Britain 566; Japan 293; Luxembourg 117; Canada 111; Hong Kong 63; and 615 others.

The U.S. and British investors brought in investment capital of \$3.06 billion and \$2.39 billion respectively, representing 31.4 percent and 24.6 percent of the total net capital inflow over the past three years, according to the ministry tally.

Foreigners have tended to prefer shares of firms with high intrinsic values, such as those with low price earnings ratios, as well as large blue chip shares marked by great liquidity and stability.

By industry, foreigners invested 3.84 trillion won into shares in the metal assembly industry, taking up 25.0 percent of their total market values. Also popular among them were chemical manufactures (13.0 percent of total value) and bank shares (12.6 percent).

In the bond market which was opened last July 1, 235 foreigners from 17 countries have registered themselves as investors.

Currently, foreigners are allowed only to purchase new issues of unsecured convertible bonds from small firms.

Out of the total 284.5 billion won worth of small firms' convertible bonds, foreigners can invest a maximum 81.8 billion won, or 30 percent, and have actually invested 36 billion won, 13.9 percent of the total listing.

BAI on Probe of Foreign Worker Training System

SK1101063095 Seoul YONHAP in English 0614 GMT 11 Jan 95

[FBIS Transcribed Text] Seoul, Jan. 11 (YONHAP)—The Board of Audit and Inspection (BAI) will probe the

training system for foreign workers this month as unfair labor practices against such workers are developing into a social issue.

A BAI official said Wednesday the probe is necessary because the foreign worker training system has produced many illegal aliens here, contrary to its stated objective.

Some 18,000 Chinese apprentices have entered the country for on-the-job training programs at various firms, but over 1,800 have deserted these programs to take up illegal employment elsewhere.

Upon arriving in South Korea, they usually place their passports in the custody of companies offering training programs. After reaching the halfway point of these programs, some drop out and land higher-paying work, mostly at construction sites, through job brokers who help them.

The official suspected that in placing foreign worker-trainees in jobs unlawfully, there are bribery chains linking job brokers overseas with their counterparts here including the Korea Federation of Small Business.

The probe will focus on this suspicion, as well as on the International Trade-industry, Justice and Labor Ministries and the Korea Federation of Small Business as these agencies share responsibility for implementing the foreign worker training system.

1994 Rice Consumption Down; Beef Consumption Up

SK1101014995 Seoul YONHAP in English 0109 GMT 11 Jan 95

[FBIS Transcribed Text] Seoul, Jan. 11 (YONHAP)—South Korea saw a slight decline in rice consumption but a sharp increase in beef consumption last year, reflecting an ongoing dietary change.

The nation's rice consumption in 1994 excluding processed rice topped 4,813,920,000 kilograms (Kg), down 41,660,000 Kg from a year earlier, according to a provisional estimate released Wednesday by the Agriculture, Forestry and Fisheries Ministry.

Per capita rice consumption was 108.3 Kg, down 1.9 Kg from the previous year's 110.2 Kg.

In 1993, per capita rice consumption saw a reduction of 2.7 Kg from 1992, with the trend continuing into last year.

The self-sufficiency rate in rice represented 94.0 percent, a record low since 1982. This was because the 1993 rice crop dropped by 10.9 percent from a year earlier due to damage caused by cold weather.

The ministry forecast that this year's rice self-sufficiency rate will recover to 101.5 percent, with per capital rice consumption reaching 105.7 Kg.

Beef consumption last year recorded 268,600 tons, surging 15.3 percent over the previous year's 233,000 tons.

Accordingly, per capita beef consumption was 6.0 Kg, up 0.7 Kg over the previous year's 5.3 Kg.

Per capita beef consumption, which had seen little change since 1991 when it amounted to 5.2 Kg, showed a notable increase last year.

A ministry official attributed the sharp hike to the country's business boom and increased consumption of imported beef instead of pork and chicken, whose prices soared due to the drought.

The nation's per capita beef consumption of 6.0 Kg is less than one-fourth of the United States' 29.8 Kg (1993), but is close to Japan's 6.9 Kg.

Last year's beef consumption comprised 146,500 tons of domestic beef, up 13.0 percent over a year earlier, and 122,100 tons of imported beef, up 18.2 percent over 1993.

The beef self-sufficiency rate last year reached 54.5 percent, down 1.2 percent from the previous year's 55.7 percent.

South Korea imported 60,700 tons of beef from the United States, accounting for 50.7 percent of total imports, a sharp rise from the previous year's 43.7 percent, and 33,600 tons of beef from Australia, accounting for 33.6 percent, down from 43.3 percent the year before.

Burma

More on Visit by Indonesian Agriculture Minister

Than Shwe Receives Minister

*BK1101144395 Rangoon Radio Myanmar in Burmese
1330 GMT 11 Jan 95*

[FBIS Translated Text] Senior General Than Shwe, chairman of the State Law and Order Restoration Council [SLORC] of the Union of Myanmar [Burma] and commander in chief of the Defense Services, received Dr. Syarifudin Baharsyah, the visiting Indonesian minister for agriculture, at the Ministry of Defense's Dagon House at 1000 this morning.

Also present were General Maung Aye, SLORC vice chairman, deputy commander in chief of the Defense Services, and army commander in chief; Lieutenant General Khin Nyunt, SLORC secretary-1; Lt. Gen. Tin U, SLORC secretary-2; Lt. Gen. Myint Aung, minister of agriculture; U Ohn Gyaw, minister of foreign affairs; Thura U Aung Htet, director general of Protocol Department; and Indonesian Ambassador Mr. Mohamed Sanusi.

Indonesian Minister Departs 11 Jan

*BK1101162695 Rangoon Radio Myanmar in Burmese
1330 GMT 11 Jan 95*

[FBIS Translated Text] Dr. Syarifudin Baharsyah, minister of agriculture of the Government of the Republic of Indonesia, signed a Memorandum of Understanding [MoU] on technical cooperation in agriculture with Lieutenant General Myint Aung, minister of agriculture of the Government of the Union of Myanmar [Burma]. Dr. Syarifudin also signed another MoU on technical cooperation in the livestock breeding and fisheries with Brigadier General Maung Maung, minister of livestock breeding and fisheries of the Government of the Union of Myanmar. Both the MoUs were signed at the Yuzana House on Natmauk Road at 0900 this morning.

In accordance with the MoUs, cooperation on activities relating to agriculture, livestock breeding, and fisheries—technical exchange programs, research training courses, study tour programs, product manufacturing, and exports—will be realized. In order to successfully implement these objectives, respective supervisory and work committees would be formed with responsible government officials from both countries.

After the MoU signing ceremony Agriculture Minister Lt. Gen. Myint Aung spoke words of thanks.

The visiting Indonesian agriculture minister, wife, and delegation departed Yangon [Rangoon] by air at 1430 this afternoon. They were seen off at Yangon International Airport by U Tin Hlaing, deputy minister of agriculture, and responsible personnel.

Brunei, Malaysia & Singapore

Malaysia

Japan's Takemura Arrives for Three-Day Visit

*OW1201122695 Tokyo KYODO in English 1158 GMT
12 Jan 95*

[FBIS Transcribed Text] Kuala Lumpur, Jan. 12 KYODO—Japanese Finance Minister Masayoshi Takemura arrived Thursday [12 January] in Malaysia for a three-day visit, the last leg of a weeklong three-nation tour that earlier took him to China and Singapore. He is scheduled to hold talks Friday with Prime Minister Mahathir Mohamed and Deputy Prime Minister Anwar Ibrahim, who is also finance minister. They are expected to discuss bilateral issues as well as exchange views on this year's Asia-Pacific Economic Cooperation forum ministerial meeting and summit which Japan is hosting in November in Osaka. Takemura will also tour a factory that produces television sets for Japanese electronics company Matsushita Electric Industrial Co., a Japanese Embassy official said.

Two Chinese Political Parties Renew Cooperation

*BK1201120395 Kuala Lumpur THE STAR in English
12 Jan 95 p 2*

[Article by Anthony Chew]

[FBIS Transcribed Text] Penang—The Penang MCA [Malaysia Chinese Association] has initiated a "new wave of co-operation" with the Gerakan [Rakyat Malaysia] [Malaysian People's Movement] to ensure victory for Barisan Nasional candidates in the coming general election.

And in a show of unity, the MCA general election coordinating committee for Tanjung Bunga held a dinner on Tuesday in support of Chief Minister Dr. Koh Tsu Koon, who is a Penang Gerakan chairman. In his speech Dr. Koh urged the Chinese community to reverse their habit of giving 40 per cent support to the Barisan Nasional and 60 per cent to the opposition in the general election.

"In the past, when the government made some mistakes, The MCA and Gerakan were criticised. But now that government policies have been liberalised, it is only fair we should be given the support."

The dinner, with the theme "unity is strength, was attended by Penang MCA chairman Dr. Sak Cheng Lum, deputy chairman Wong Kam Hoong, secretary Koay Kar Huah, Bukit Bendera MCA division treasurer Lye Siew Weng, Penang Gerakan secretary Dr. Teng Hock Nan and the Chief Minister's special assistant Chia Kwang Thye.

The function was a follow up to the visit by Dr. Koh to Butterworth last month to look into the problems faced

by residents in Jalan Raja Uda and and Kampung Baru. Both areas are under the Bagan parliamentary constituency which the MCA will be contesting in the elections.

Dr. Koh said he was touched by the MCA's gesture in forging renewed cooperation with the Gerakan.

"We must put aside our personal and partisan differences, if any, to ensure a brighter future for the future generation," he said.

He said the people should give MCA and Gerakan the political strength so they could effectively represent their interest.

Dr. Sak, who is Domestic Trade and Consumer Affairs parliamentary secretary, said Penang had been developing well under the Barisan [Nasional] government for the past two decades.

Singapore

Japanese Finance Minister Arrives 11 Jan

OW1101150095 Tokyo KYODO in English 1442 GMT
11 Jan 95

[FBIS Transcribed Text] Singapore, Jan. 11 KYODO—Japanese Finance Minister Masayoshi Takemura arrived in Singapore on Wednesday [11 January] for talks with Singaporean leaders. His visit to Singapore is the second leg of a weeklong Asian tour, which has already taken him to China. Takemura is scheduled to meet Prime Minister Goh Chok Tong, senior minister Lee Kuan Yew and Finance Minister Richard Hu on Thursday. High on the agenda will be the annual ministerial meeting of the Asia-Pacific Economic Cooperation [APEC] forum and the third informal APEC leaders' summit, which will be chaired by Japan in Osaka in November. Takemura will leave Singapore on Thursday for Malaysia. He will return home Sunday.

Meets With Prime Minister Goh

OW1201155595 Tokyo KYODO in English 0941 GMT
12 Jan 95

[FBIS Transcribed Text] Singapore, Jan. 12 KYODO—Singapore Prime Minister Goh Chok Tong on Thursday urged Japan to push forward the process of trade liberalization among the 18-member Asia-Pacific Economic Cooperation (APEC) forum, a Japanese Finance Ministry official said.

Both Goh and visiting Japanese Finance Minister Masayoshi Takemura agreed in a meeting that the third informal summit of APEC leaders, which Japan will host in Osaka this November, will be crucial to the success of APEC's trade liberalization plan, the official said after the meeting.

Takemura, on a two-day visit to Singapore as part of a three-nation Asian tour that also includes China and Malaysia, asked for Singapore's support in making the Osaka summit a success.

Goh acknowledged that the task of implementation, which will be handled in Osaka, might be a "painful" process, but added that the success of that meeting will bring benefits to Asia and the whole world.

APEC leaders agreed in their summit in Bogor, Indonesia, last November to achieve free trade among APEC members by 2020, and the summit in Osaka is expected to implement that decision.

Goh also invited Japan to team up with Singapore to assist in the economic development of countries such as Vietnam, China and India. In reply Takemura expressed support for the proposal.

Goh said Japanese companies can join up with Singaporean firms to invest in the region, citing in particular the project between Singapore and China to develop an industrial township in Suzhou, China.

He also asked Japanese companies to take part in tourism development and other projects being promoted by Singapore, Indonesia and Malaysia under the growth triangle concept of economic cooperation.

In a meeting with Singapore Finance Minister Richard Hu earlier in the day, Takemura also asked for Singapore's support for the annual APEC finance ministers' meeting in Bali this year. In response, Hu pledged to help make the meeting succeed.

The two also discussed Japan's difficulties in grappling with the problem of a rapidly aging population.

Hu said Singapore has a similar problem, which prompted the government to introduce a goods and services tax system in April last year in order to obtain enough revenue to meet the demands of the country's aging population in the future.

Takemura, who also met Senior Minister Lee Kuan Yew, leaves Thursday for Malaysia, the last stop in his tour.

Cambodia

Ranariddh Refuses To Extend Amnesty for KR

BK1101131395 Phnom Penh National Radio of Cambodia
Network in Cambodian 1100 GMT 11 Jan 95

[FBIS Translated Excerpt] Prince Krompreah Norodom Ranariddh, first prime minister of the Royal Government of Cambodia [RGC], told reporters on the afternoon of 10 January that the deadline for the amnesty for Khmer Rouge [KR] elements due to expire on 15 January would not be extended, although there was an increase in the number of them surrendering to the Khmer Royal Armed Forces [KRAF]. Asked about the requests of some senior army officers for an extension of the deadline, the prince said: No. There is absolutely no extension. He reaffirmed that the amnesty will expire on 15 January, and that there will be no more amnesty after that. [passage omitted]

Defense Delegation Pays Homage to DPRK Envoy

BK1101102495 Phnom Penh National Radio of Cambodia Network in Cambodian 1200 GMT 10 Jan 95

[FBIS Translated Text] On 8 January, a Defense Ministry delegation led by His Excellency [H.E.] Tea Chamrat, co-minister of National Defense, H.E. Ek Sereivoat, state secretary for National Defense, and many high-ranking military officials from the Defense Ministry and the General Staff Department laid wreaths and paid respects to the soul of H.E. Kim Hyong-yol, DPRK ambassador extraordinary and plenipotentiary to the Kingdom of Cambodia [KoC], who passed away on 6 January 1995.

On that occasion, H.E. Tea Chamrat expressed deepest condolences to the bereaved family of H.E. Kim Hyong-yol. He said: On behalf of the Defense Ministry and the officers, noncommissioned officers, and soldiers of the Khmer Royal Armed Forces, I would like to join in mourning the late DPRK Ambassador H.E. Kim Hyong-yol who has passed away while carrying out his mission and cooperation work in the KoC.

Columnist Criticizes Effort To Remove Government

BK1101131295 Phnom Penh REAKSMEI KAMPUCHEA in Cambodian 11 Jan 95 pp 1, 2

[From "This Issue's Comment" column by Meanop: "Don't Smear the King's Name"]

[FBIS Translated Text] Taking advantage of the king's presence in the country, some politicians who have no cabinet posts have engineered a movement demanding the monarch be empowered. Actually, his majesty has repeatedly reaffirmed that he does not want power and that he always respects the Constitution of the Kingdom of Cambodia.

Those politicians' demand, which runs counter to the Constitution, is aimed at shortening the five-year mandate of the Royal Government of Cambodia [RGC]. It also matches an appeal issued by Khieu Samphan, who is the so-called prime minister of the Khmer Rouge which will be outlawed as of 15 January 1995. The Khmer Rouge appeal dated 4 January 1995 called for an end to fighting to allow for national unification. The maneuver by the politicians on this issue is tantamount to using "the Khmer Rouge cards" which have only a score of two points to topple the RGC through a "nonviolent" coup d'etat against the Constitution of the Kingdom of Cambodia.

The king's name has been used and smeared by those politicians through their demand. Why? Because the group of politicians persistently demands that the king be endowed with power while the king has repeatedly reaffirmed that he does not want power. The king's name has actually been used to camouflage their demand for shortening the present government's term of office. They argue that if the government is allowed to stay on, the

situation in the country will become more and more serious. This is really a gross slander conducted to distort the reality for the purpose of demagoguery.

For more than a year, the RGC has succeeded in gradually improving the situation, building up security across the country, and urging thousands of Khmer Rouge elements to return along with nearly 10,000 members of their families.

The politicians outside the cabinet are free to play the Khmer Rouge cards because it is part of their way of life. However, they are asked not to use the name of the king, who is above everything, including the National Assembly, the government, and the people, and who represents a cool shade for the people, represents democracy, and represents national neutrality.

Before making known their desire on the early removal of the government, the politicians should consult the Constitution that they have all determined to respect. As Prince Ranariddh said in Takhmau Township of Kandal Province, "those shouting that he is incapable have actually done nothing for the country and people."

Objectives of Ranariddh's SRV Visit Revealed

BK1201061495 (Clandestine) Radio of the Provisional Government of National Union and National Salvation of Cambodia in Cambodian 1200 GMT 11 Jan 95

[Unattributed commentary: "Why Has Puppet Hun Sen Ordered Ranariddh To Go to Vietnam?"]

[FBIS Translated Text] Prince Krompreah Ranariddh is going to Vietnam next week. What is behind all of this? According to well informed sources in Phnom Penh, the visit to Vietnam by the easily flattered Ranariddh is being arranged by puppet Hun Sen on the order of his communist Vietnamese master. What are the purposes of this visit?

1. Ranariddh is being sent to Vietnam so that he will become even more inextricably entrenched as another of communist Vietnam's lackeys. Previously, this demonic prince was already being pushed by the alliance and the communists Vietnamese puppets deeply into the pit of war and corruption. Now he is being plunged into the pit of the communist Vietnam's lackeys.

2. In fact, Ranariddh is being sent to Vietnam to open the border even wider to the unrestrained influx of Vietnamese nationals and also to allow Vietnam to freely grab and annex more Cambodian waters, land, and sea territory.

3. In the process, communist Vietnam will again try to melt down and destroy FUNCINPEC [National United Front for an Independent, Neutral, Peaceful, and Cooperative Cambodia], obliterating it both politically and organizationally. What remains standing will be purely and simply a bunch of communist Vietnamese puppets, old and new, ever ready to serve communist Vietnam's

strategy of undermining national reconciliation and continuing to ignite the war of genocide in Cambodia.

These are the real objectives behind puppet Hun Sen's sending of Ranariddh to Vietnam on Le Duc Anh's order.

Students and newspapers in Phnom Penh are all well aware of this and have already exposed and condemned the culprits. This is the course being followed by this demonic prince. The future course of puppet Hun Sen, puppet Chea Sim, and Ranariddh is one that will inescapably lead them toward an unnatural death at the bottom of the pit of communist Vietnam's lackeys. This is the law of nature; it is crystal-clear truth. No matter where they are, traitors, nation-killers, warmongers, and peace-wreckers can never prevail over the forces of the nation and people fighting for peace and national survival.

Khmer Rouge: Police Want To Kill 'Long-Noses'

BK1201065795 (Clandestine) Radio of the Provisional Government of National Union and National Salvation of Cambodia in Cambodian 1200 GMT 11 Jan 95

[Unattributed commentary: "People in Phnom Penh Are Seeking Ways To Kill the Long-Noses Who Are Continuing the War Against the Cambodian Nation and People"]

[FBIS Translated Text] During these past few days, the Australian, U.S., and French Embassies have been busy setting up fortifications for self-protection. They have asked the two-headed government to install guardhouses both in front and behind their chanceries on the grounds that they are afraid the Khmer Rouge might attack them.

In their view, the masses in Phnom Penh believe that the Khmer Rouge cannot attack and kill them in Phnom Penh. The truth is that the long-noses are afraid of the residents of Phnom Penh. They are afraid the latter might try to kill them. Almost to a man, the police officers and soldiers of the two-headed government in Phnom Penh are waiting for a chance to attack and kill the long-noses because they are starving and hungry and need to rob these long-noses for food.

In fact, it is these policemen and soldiers and the Dac Cong [Vietnamese secret police] and the ubiquitous ethnic Vietnamese in Phnom Penh who have made the long-noses cower in fear all day and all night. The guns supplied by the long-noses will surely be used against these long-noses themselves.

Indonesia

East Timor Governor Hails UN-Proposed Dialogue

BK1101133995 Jakarta Radio Republik Indonesia Network in Indonesian 1200 GMT 11 Jan 95

[FBIS Translated Text] East Timor Governor Abilio Jose Osorio Soares has welcomed UN Secretary General

Butrus-Butrus Ghali's proposal that a UN-sponsored open dialogue involving all East Timor parties, including anti-integration groups, be held to pave the way for the settlement of the East Timor issue. According to him, such a meeting should be simply be for exchanging views to gain positive and identical views and should in no way touch on political issues.

During a news conference in Dili, the governor said such a dialogue will be undertaken by Indonesia's roving ambassador, Francisco Lopez da Cruz. The governor, however, firmly rejected any calls for a referendum during the dialogue because the East Timor issue is considered to be over. He said the UN-sponsored dialogue is in fact unnecessary because the settlement of the East Timor issue will strongly depend on the East Timor people themselves. Thus, Governor Soares reminded the people of the importance of unity and integrity.

Xanana Gusmao Requests Referendum in UN Letter

BR1101163895 Lisbon DIARIO DE NOTICIAS in Portuguese 10 Jan 95 p 7

[Unattributed report: "Timor Put to Referendum"]

[FBIS Translated Text] Timorese resistance leader Xanana Gusmao yesterday challenged Indonesia to hold a referendum in East Timor, pledging to accept integration if that were the outcome, provided that Jakarta accepts a possible opting for independence.

Xanana Gusmao's stance was expressed in a message sent to UN Secretary General Butrus Butrus-Ghali, disclosed by the LUSA news agency.

"If, following the stage of political preparation, the people of East Timor were to choose, under international supervision, integration into Indonesia, we would be willing to work to calm and reassure people and we would be prepared for the development of what would be the 27th Indonesian province," the message states.

"With this same clarity of thought, we also hope that Indonesia will undertake to respect the Maubere people's wishes if they freely and sovereignly choose to control their own destiny," it emphasizes.

In addition to Xanana Gusmao, the message, totaling five handwritten pages, is signed by Armed Front leader Konis Santana, by Jose Ramos-Horta, special representative of the Maubere Resistance National Council (CNRM), and by Keri Laran Sabalae, representing the Timorese resistance's Underground Front.

Coming from the "CNRM headquarters, 2 January 1995," the message was sent by fax to Geneva, where [Portuguese and Indonesian Foreign Ministers] Durao Barroso and Ali Alatas met under UN auspices yesterday.

In Lisbon, [Portuguese President] Mario Soares expressed his satisfaction at the meeting between Durao

Barroso and Alatas, in search of a solution for East Timor. In the opinion of Soares, who spoke immediately after his arrival from Brazil, when East Timor and the Timorese people are at issue, "all steps are useful." However, he emphasized that "the main issue is the recognition of the Timorese people's right to self-determination."

*** Issues Discussed at Bali OPEC Meeting Noted**
95SE0055B Jakarta SUARA KARYA in Indonesian 21 Nov 94 p 4

[Article by Suparmin: "OPEC Meeting in Bali: Unsteadily Correcting Prices"]

[FBIS Translated Text] Indonesia again became the focus of international attention when it held the successful meeting of APEC [Asia-Pacific Economic Cooperation] economic leaders on 14 and 15 November. Beginning this Monday, 21 November, Indonesia hosts the OPEC meeting.

There is, of course, a difference between the informal meeting of economic leaders of countries belonging to APEC and the periodic OPEC conference. In the former, the participants were 18 chiefs of state or government. In the latter, participants are ministers responsible for oil, and the maximum number of participants will be only 12. The material to be discussed is specific, namely oil subjects.

The OPEC conference also has the world's attention, however, because the meeting will discuss vital energy issues. The conference, which is held twice a year, usually draws the attention of oil consumers—particularly consumers of oil produced by OPEC member countries—and traders and speculators on international oil exchanges such as New York and London. Oil affairs analysts are no less interested.

The holding of the 97th OPEC conference in Bali is special, because it is taking place far from Vienna, Austria, which has always been OPEC headquarters. In recent years, conferences have rarely been held outside Austria. When they did occur, the farthest site was Geneva, Switzerland, Austria's neighbor. The holding of the conference in Bali again signifies confidence in Indonesia, where the conference was held in 1980. Another special feature will be the fact that the handing over of the one-year (1995) OPEC presidency from Libyan Energy Minister 'Abdallah al-Badri to Indonesian Minister of Mining and Energy Ida Bagus Sudjana will take place in Bali.

Since 1990, 13 countries have been active as OPEC members. In that year, Iraq was compelled to accept the bitter pill of an economic embargo imposed by the United Nations because Iraq was deemed to have perpetrated expansion into Kuwaiti territory. Several days ago, Iraq recognized Kuwait's territorial sovereignty with the hope the United Nations will immediately lift the sanctions that prohibit exports of Iraqi oil.

In 1993, Ecuador, which had been an OPEC member for 20 years, announced its withdrawal from all OPEC activities because it felt it probably had not benefitted from membership. Since then, for all practical purposes, there have been 12 members: Algeria, Gabon, Indonesia, Iran, Kuwait, Libya, Nigeria, Qatar, Saudi Arabia, United Arab Emirates, Venezuela, and Iraq, which is still under UN economic embargo.

Indonesia joined OPEC in 1962, two years after the organization was formed in Baghdad on 14 September 1960 through the initiative of Iraq, Iran, Kuwait, Saudi Arabia, and Venezuela.

We do not know the organization's future direction in dealing with the flow of free trade, which was proclaimed at the meeting of APEC economic leaders at Bogor and Jakarta early last week. Some observers of oil affairs have always accused OPEC of being a cartel, although OPEC itself has often denied the charge.

One thing OPEC member countries fight for is a suitable price for the oil they produce. By membership in OPEC in company with the other main oil producing countries of the world, they hope that the objective can be reached, although in practice they attempt it haltingly.

If all member countries have the same interests and fight for those interests, they can enjoy the benefits of belonging to OPEC. There are often sharp differences in interests among the members, however. When that happens, some member countries, such as Indonesia, must be willing and able to be mediators so that the issues can be resolved and the unity and solidarity of OPEC maintained. Some members believe that the organization is still able to occupy an important and strategic position in the context of balance between supply and demand in the world's oil supply.

Three Agenda Items

There are at least three main agenda items for discussion at the OPEC conference in the Bali tourism area: first, the machinery of the OPEC organization itself; second, the oil production ceiling for OPEC members in the subsequent quarter, semester, and year; and third, filling the position of OPEC secretary-general. Financial issues are expected to be among the materials to be discussed under the agenda item on organizational machinery.

Specifically regarding the oil production ceiling, which is usually the focus of the world's attention, several matters require OPEC's attention in its effort to decide the ceiling. The price of crude oil is now only about \$18 per barrel, still far from the price of \$21 hoped for earlier. There is the possibility that the United Nations will soon lift the economic embargo on Iraq. If that happens, OPEC must be willing to give an additional quota allocation to Iraq, which since 1990 has had a production quota of only 400,000 barrels per day. Another matter that requires OPEC attention is the possible strengthening of export capabilities by the former Soviet states.

Therefore, Prof. Dr. Subroto, former OPEC secretary-general, believes that OPEC should merely roll over the current oil production quota of 24.52 million barrels per day for at least the first semester of 1995. International crude oil demand is expected to reach an average of about 67 million barrels per day in 1995. This estimate is linked to, among other things, the improving trend of the world's economy. Of that total amount, about 42 million barrels will be supplied by non-OPEC oil producing countries. The rest will be supplied by OPEC.

Who Will Be OPEC Secretary-General?

The absence of unanimity on who should take the position of OPEC secretary-general to replace Prof. Dr. Subroto, who completed his term in June 1994, compelled Libyan Energy Minister 'Abdullah al-Badri to fill the post, in addition to being OPEC president for 1993 [as published]. The names of three candidates have long been heard: Dr. Rilwanu Lukman, former Nigerian oil minister; and Dr. Alirio Parra, a former Iranian deputy oil minister who is now that country's ambassador to Japan. [sentence as published]

Naturally, the delegations will bring along objective considerations on the candidates. It is possible, however, that the very heavy political baggage they bring to deciding the most suitable person for secretary-general will make the election a stumbling block for this OPEC conference.

Bali is one of the most famous tourism areas in the world. Many people hope that in such a tourist atmosphere the conference will easily produce agreement. The island of Bali is often called the island of the gods. We hope this conference held in the land of the gods will achieve success. We also hope that the conference will draw international attention to the potential of the Indonesian oil and natural gas industry, which should be further developed.

* Government Sets Conditions for Japanese Firms

95SE0054B Jakarta SUARA KARYA in Indonesian 22 Nov 94 pp 1, 8

[FBIS Translated Text] Tokyo (SUARA KARYA)—Japanese companies hope the Indonesian Government will permit them to open branches here. Such branches would enable them to conduct transactions more freely. The government apparently will grant their request but with conditions.

"I emphasized to them that they still cannot enter the retail field. Also, for me the important thing is that raising their status from representation to branch must have a positive effect on our efforts to expand non-oil-and-gas exports," Minister of Industry Tunky Ariwibowo told reporters Monday afternoon [21 November] after a meeting with several Japanese businessmen at the Keidanren [Federation of Economic Organizations] office in Tokyo.

Tunky appeared to learn with greater certainty from Japanese businessmen belonging to the Keidanren that Indonesia is increasingly attractive to foreign investors and businessmen. "I have learned from them that Indonesia is increasingly attractive to Japanese businessmen. We must take advantage of that," he said, as reported last night from Tokyo by SUARA KARYA correspondent Johnny Darmo.

Tunky especially highlighted the important role of giant Japanese companies in international business. "We all know how Sogoshosha Japan plays its role in international business, but it has primarily handled Japanese exports to other countries. It has had a big role in Indonesian imports from Japan, such as machinery, capital goods, and semifinished products, which we continue to import in quantity from Japan. We must reverse such an orientation. We must change," Tunky explained.

Tunky therefore urged the Japanese business giants to play a role in promoting Indonesian non-oil-and-gas exports, particularly to Japan. Tunky said that Sogoshosha Japan's involvement in the expansion of Indonesian exports will have a very positive impact on subsequent development of Indonesian non-oil-and-gas exports. "It has a very extensive business network," Tunky said.

Tunky acknowledged that it is not easy for the Indonesian Government to press the Japanese business giant into changing its orientation. In other words, immediately increasing its role in helping Indonesian non-oil-and-gas exports will be hard. Tunky appeared not to be too worried about the matter, however. "That is not a problem. I have approached them several times. Clearly, they better understand that Indonesia now plays a bigger role in business in the Asia-Pacific region. They also better understand our economic policy," he said.

He explained that through its offices overseas, the Indonesian Government always provides information on Indonesian economic progress. "We always explain to foreign businessmen that our economy is increasingly open. Only the technical aspects remain," Tunky said.

According to Tunky, Japanese businessmen now have a better understanding of Indonesia's macroeconomic policies. "For example, we have explained that Government Regulation No. 20 provides a series of facilities for foreign investors. They also know that Indonesia can now control its economic problems," Tunky said.

Tunky yesterday could not say for sure that the Indonesian Government will grant the request of Japanese businessmen to open branches in Indonesia. "That is homework for us. As I explained, it is clear to them that foreign interests cannot yet enter the retail field in Indonesia. I have also explained that they must support our exports," he said.

Tunky has been in Japan since Sunday [20 November] on a visit of several days. He and his party will visit

automotive plants and will make business contacts. Accompanying him will be Indonesian partners of those businesses.

Government Reveals Capital Investment Situation

BK1101113795 Jakarta THE INDONESIA TIMES in English 31 Dec 94 p 8

[FBIS Transcribed Text] The government has given its approval to 823 domestic capital investments valued at Rp. [rupiah] 53.3 trillion and 449 foreign capital investments valued at U.S. \$23.7 billion up to December 15, 1994.

Based on the records, the total number of the domestic capital investments increased by 50.2 percent and 34.9 percent in investment value compared to those of 1993.

The total number and value of foreign capital investment in 1994 also increasing. The investment value of foreign capital investment increases sharply compared to those of 1993. Total projects of foreign capital investment increased by 36.5 percent and their investment value increased by 192.6 percent.

The biggest investment of the domestic capital investment in 1994 was non-metal mineral industry which [was] valued at Rp. 8.5 trillion (41 projects), followed by textile industry Rp. 5.5 trillion (57 projects), and chemical industry (110 projects).

The non-metal mineral industry includes portland cement, granite, marble, and floor industries. In 1993, the biggest domestic capital investment was chemical industry which [was] valued at Rp. 7.7 trillion (71 projects), non-metal mineral industry Rp. 5.4 trillion (24 projects), and transportation Rp. 3.8 trillion (101 projects).

In 1994, the biggest foreign capital investment is chemical industry which [is] valued at U.S. \$7.7 billion (64 projects) followed by paper industry U.S. \$5.1 billion (13 projects), electricity, gas, and drinking water which [is] valued at U.S. \$2.4 billion (five projects). The chemical industry includes ethylene naphta, kerosene, and gasoline industries. In 1993, the biggest foreign capital investment was electricity, gas, and drinking water which [was] valued at U.S. \$1.2 billion (38 projects), and metal goods industry U.S. \$1.1 billion (59 projects).

The biggest domestic capital investment in 1994 is located in West Java which [is] valued at Rp. 159 trillion (241 projects), followed by East Java Rp. 8.4 trillion (95 projects), and Jakarta Rp. 5.9 trillion (185 projects). In 1993, the most interested [as published] location was also West Java which [was] valued at Rp. 11.7 trillion (167 projects), Jakarta Rp. 8.8 trillion (131 projects), and East Java Rp. 3.8 trillion (68 projects).

The biggest foreign capital investment in 1994 is in East Java which [is] valued at U.S. \$6.2 billion (47 projects), West Java U.S. \$4.4 billion (155 projects), Riau U.S. \$3.9 billion (50 projects). In 1993, the biggest foreign

capital investment was in West Java which [was] valued at U.S. \$2.5 billion (98 projects), followed by East Java U.S. \$2.3 billion (38 projects), and Jakarta U.S. \$1.7 billion (111 projects).

The biggest foreign capital investment in 1994 comes from Hong Kong (U.S. \$6 billion), followed by Britain (U.S. \$3 billion), Taiwan (U.S. \$2.5 billion), South Korea (U.S. \$1.8 billion), and Japan (U.S. \$1.6 billion).

Based on cumulative calculation, Japan [is] still the biggest investor which has invested a total of U.S. \$18.6 billion, followed by Hong Kong U.S. \$14.1 billion, Britain U.S. \$9.7 billion, the United States U.S. \$8.7 billion, and Singapore U.S. \$7.2 billion. Seen from the total number of projects, the biggest investor is Singapore (97 projects), followed by Japan 75 projects, Taiwan 48 projects, Hong Kong 36 projects, and South Korea 35 projects.

Based on cumulative calculation, Japan has 720 projects, followed by Singapore 411 projects, Hong Kong 362 projects, South Korea 346 projects, and Taiwan 337 projects. Up to 1993, Japan was the biggest investor that has invested U.S. \$13.9 billion (575 projects), followed by Hong Kong U.S. \$5.7 billion (261 projects), Taiwan U.S. \$4 billion (266 projects), Singapore U.S. \$3.9 billion (250 projects), and the United States U.S. \$3.7 billion (161 projects).

Suharto Agrees To Be Patron of New Company

BK1101144595 Jakarta ANTARA in Indonesian 1051 GMT 11 Jan 95

[FBIS Translated Excerpt] Jakarta, 11 Jan (ANTARA)—Several Indonesian businessmen have jointly set up a company called Produksi Indonesia Co. Ltd., or Prodin, aimed at promoting the country's export and President Suharto has agreed to be appointed patron.

Speaking to reporters after he reported to the president on the company's establishment, B.J. Habibie, minister of research and technology and chairman of the Strategic Industries Development Agency, said the company will organize and finance Indonesia's participation in international trade fairs overseas. One of Prodin's short-term objectives is to ensure Indonesia's successful participation in the Hanover Fair, scheduled to open on 3 April. The trade fair will be attended by President Suharto and German Chancellor Helmut Kohl.

Habibie said Prodin has begun its activities by raising funds for Indonesia's participation in the Hanover Fair. In December 1994, the company managed to raise funds worth 8 billion rupiah. However, the businessmen hoped that the funds will be used to finance not only the Hanover Fair, but also other international trade fairs. They have agreed to raise more funds so the total amount will reach 200 billion rupiah. [passage omitted]

Minister Urges PDI To Settle 'Conflicts'

BK1101133795 Jakarta SUARA KARYA in Indonesian 11 Jan 95 p 1

[FBIS Translated Text] Solo (SUARA KARYA)—Minister of Home Affairs Yogi S. Memet has appealed to Indonesian Democratic Party (PDI) members not to engage in the party's prolonged internal conflicts because this will tarnish the image of national politics and create confusion among the people. He said if the conflicts become more acute, as the patron of domestic politics, he will have no choice but to take concrete steps to appease the situation.

In his keynote address at the commemoration of the PDI's 22d anniversary in Solo on Tuesday, he reiterated that he had no alternative [preceding word in English] but to resort to peace measures to end the conflicts that have grown out of proportion and which pose a threat to national unity and cohesion.

Among those present at the function were Functional Group's secretary General Ary Marjono, Central Java Governor Suwardi, and PDI's central executive council leader.

Minister Yogi said the views of the Home Ministry, which is the patron of domestic politics, should not be exaggerated. This is because the function of the patron is limited to making policies for political parties so political activities will not stray away from what is legal. The laws are consultative in nature than rather than supervisory. The final decision is still within the jurisdiction and right of the organization.

Yogi said that he did not regard the friction in the PDI a trivial matter. Besides, he also did not want the matter to be blown up so irresponsible groups cannot take advantage of the situation. The important thing, he said, is how to manage and handle the conflicts. He admitted that so far there were signs that other parties are interested in the existence of the PDI.

The minister said that the word democracy used in PDI was not merely a coincidence nor is it aimed at other interests. Therefore it is proper that the PDI acts as a good example of democratic life for the people. Every problem that emerges should be solved through negotiations to achieve a consensus and this should be highly respected as a joint commitment.

The minister still sees some uncertain trends in the people's understanding of democracy when linked to nation building. Apparently, on the one hand, there is a mobilization of people's power for national development and on the other, there are groups who stand as observers from outside the ring and at the same time enjoy the achievements of development.

Yogi said in reality, development efforts are based on the people's interests. "The success of the development objective is solely determined by the entire process that upholds the principle from the people, by the people, for

the people; and not by an individual or a group of people who claim to represent the people," he said.

In view of this, the most urgent challenge now is to improve the quality of our race. This is to prevent anyone from being exploited for the success of a vision and to prevent a certain group of society to decide the fate of the others. And, the minister said, "We do not want people who are just observers of the development process."

Editorial Views Probe Into Sociopolitical Groups

BK1101134195 Jakarta SUARA KARYA in Indonesian 11 Jan 95 p 5

[Editorial: "A Special Investigation Into Members of Sociopolitical Organizations"]

[FBIS Translated Text] The issue of a special investigation has reemerged because of the case of a member of the West Java Indonesian Democratic Party [PDI] Provincial Executive Council. In response to it, General Feisal Tanjung, commander of the Armed Forces of the Republic of Indonesia, said Saturday after giving a lecture at an ICMI [Indonesian Muslim Intellectuals Association] gathering that the Armed Forces was willing to conduct a special investigation upon request. He answered the press about his reaction to PDI General Chairwoman Megawati Sukarnoputeri's proposal that the issue of an "unclean background" applies to all members of other sociopolitical organizations, not just PDI members. The issue of an "unclean background" was first spread by Yusuf Merukh, who was one of the PDI leaders in the period prior to Megawati's leadership.

When asked about Megawati's proposal, Harmoko said that Golkar [Functional Group] will never conduct a special investigation into its cadres because no Golkar members have been linked to outlawed organizations. He said that the present recruitment standards have ruled out the possibility of Golkar being penetrated by anti-Pancasila elements. "If any Golkar figures are found to have been linked to outlawed movements such as the G 30 S/PKI [30 September Movement of the Indonesian Communist Party], that means it was an unintentional mistake. In such a case, we will take measures pursuant to laws," Harmoko said.

Regarding the possibility of conducting a special investigation into members of sociopolitical organizations, Home Affairs Minister Yogie Suardi Memet said: "There is no plan to conduct a special investigation into members of sociopolitical organizations unless there is a strong suspicion."

Let us review the reemergence of the issue of a special investigation in order to get a proportional picture of it. We agree to what the home affairs minister said, which was similar to Harmoko's statement. Each sociopolitical organization is responsible for determining whether or not its members have a "clean background."

For this reason, the recruitment system in a sociopolitical organizations must be carefully implemented. If there is an "unintentional mistake" as stated by the Golkar general chairman, the sociopolitical organization involved has to take necessary measures pursuant to laws and regulations while consistently adhering to the principles of the presumption of innocence. In such a case, it would be unwise to find various excuses to avoid responsibility.

We need to underline this matter because there is always a possibility of a sociopolitical organization or any other organization being used as a shelter by those involved in illegal activities.

We touch on the matter because we have agreed to enhance the people's political participation within the context of Pancasila Democracy to further consolidate our political and democratic life. This means that in accommodating and channeling the people's dynamism, sociopolitical organizations must not be devoid of the nuances of further strengthening Pancasila Democracy in line with the characteristics of Pancasila as an open ideology.

It is in this context that sociopolitical organizations are urgently required to be independent.

Philippines

Activities Surrounding Pope's Visit Reported

Ramos Assures Safety

BK1201021295 Quezon City GMA-7 Radio-Television Arts Network in Tagalog 2230 GMT 11 Jan 95

[FBIS Translated Text] President Ramos confirmed the arrests of the two Pakistani nationals suspected of being members of an international terrorist group which aims to kill the Pope in the country. However, the president gave an assurance that the Pope is safe in the Philippines despite the threats to his life. All safety measures are being strictly enforced for the security of the Pope. Likewise, security precautions are being strictly enforced on U.S. airlines. There were reports of bombing threats to U.S. airlines operating in the Asia-Pacific from extremist groups. Although Washington has not yet confirmed the reports, precautionary measures have already been put in place.

Pope Arrives 11 Jan

BK1201023695 Quezon City GMA-7 Radio-Television Arts Network in Tagalog 2230 GMT 11 Jan 95

[FBIS Translated Text] A warm welcome awaits the arrival of Pope John Paul II, head of the Catholic Church and the Vatican State, to the country for a five-day pastoral and state visit. The plane carrying the Pope is expected to land at the old Manila International Airport at 3:00 pm [0700 GMT] this afternoon. President Ramos and the First Lady Ming Ramos and the high officials of

the church headed by Jaime Cardinal Sin will lead the welcome for the Pope at the old NAIA [Ninoy Aquino International Airport]. Upon arrival of the Pope, President Ramos is going to give his welcoming remarks. This will be followed by the Pope's message to the Filipino nation.

This is the third time Pope John Paul II has been to the Philippines. The first was in 1973 when he was still a cardinal and the second in 1981 when he was already a Pope. Tomorrow, 13 January, the Pope will make a courtesy call on President Ramos at the Malacanang [presidential office] Palace, which will be followed by a one-on-one meeting between the president and the Pope, and a private audience with the First Family.

The Pope is scheduled to go on to the University of Santo Tomas to lead a mass in the University Chapel for the delegates of the International Youth Forum. The Pope will also attend the quadricentennial anniversary of the four archdioceses in the country; the meeting of the Federation of Asian Bishops' Conference; the Silver Jubilee of Radio Veritas; and the Catholic Mass Media Awards.

Police Arrest Man With Pistol

BK1201103595 Hong Kong AFP in English 1017 GMT 12 Jan 95

[FBIS Transcribed Text] MANILA, Jan 12 (AFP)—Philippine police on Thursday arrested a pistol-packing man from among the crowd of welcomers along a highway where Pope John Paul II was to pass after arriving for a four-day visit, witnesses said.

The man showed a card identifying himself as a member of the presidential security group (PSG), which guards President Fidel Ramos and his family, but police dragged him to a waiting patrol car anyway, they said. At the time of the arrest, the pope was still at the airport several kilometers (miles) away.

Police told reporters on the scene the man was not authorized to be in the suburban Baclaran area and was in civilian clothes. He was seen among a crowd of welcomers in front of a fastfood store.

The 74-year-old pontiff rode from the airport to the papal nunciature, the Vatican's representative office here, in an armoured truck with a glass encasement, which the makers said could protect him from assault rifle fire or a grenade blast.

The PSG, which was tapped to provide close-in security for the pope, could not be reached for comment on the arrest.

Philippine authorities laid out massive security for the pope's visit to Asia's only predominantly Catholic nation following reports of possible terrorist attempts on his life.

Abu Sayyaf Members Said Sowing Plot

BK1101131995 Manila *MANILA STANDARD* in English 8 Jan 95 p 6

[Report by Arlie Calalo]

[FBIS Transcribed Excerpt] A top ranking official of the Northern Police District Command (NPDC) yesterday said at least 25 Abu Sayyaf members were in Metro Manila to sow terror during the arrival of Pope John Paul II.

But Col. Moncao Angintaopan, NPDC chief Col. Rex Piad's deputy and chairman of the nationwide Federation of Christian-Muslim Volunteer Brigade (FCMVB), told the *STANDARD* in an exclusive interview that his men are closely monitoring the extremists' activities.

He also revealed that his men composed of Muslim and Christian volunteers based in Cavite and KAMANAVA (Kalookan-Malabon-Navotas- Valenzuela) area have received death threats from the Abu Sayyaf after their presence in the capital region was bared by the federation.

Angintaopan said the Abu Sayyaf group is now in Cavite where it is reportedly consolidating its forces.

Pope John Paul II will be in the country for the celebration of the World Youth Day from 12 to 16 January.

The affair will be attended by thousands of delegates, including priests and nuns from other countries.

"We have been receiving A-1 information that members of Abu Sayyaf have entered Metro Manila in an apparent attempt to ease the pressure on their hideouts in Mindanao which were raided by police authorities," the Muslim police official said.

Angintaopan said they have already relayed the reports to higher command of the Philippine National Police (PNP) so that proper contingency plans can be devised.

The NPDC official said that the FCMVB gives its free services to the PNP as a monitoring team as far as the interest of Muslims and Christians is concerned.

Piad, on the other hand, did not discount possibility that the presence of Abu Sayyaf in the capital region is designed to create trouble to taint the image of the country to the world with terror attacks during the Pope's visit.

"That's possible, but with the stern orders from President Ramos himself, the PNP and other law enforcement agencies are coordinating with one another to protect the people," Piad said.

Admitting that his disclosure about the presence of Abu Sayyaf in the metropolis might alarm the public, Angintaopan stressed that it should not just be ignored and that government authorities should be prepared against any attack. [passage omitted]

Military Doubts Abu Sayyaf Capability

BK1101130395 Manila *PHILIPPINE DAILY INQUIRER* in English 7 Jan 95 pp 1, 9

[Report by Cynthia D. Balana]

[FBIS Transcribed Text] Lantawan, Basilan—Southern Command [Southcom] officials yesterday belittled the capability of the Moro extremist group, Abu Sayyaf, to carry out assassination attempts in Manila against Pope John Paul II. The Pope will be arriving in Manila next week for a five-day pastoral and state visit.

"It's not true that the Abu Sayyaf has the capability to go to Manila and threaten the life of the Pope," said Lt. Gen. Orlando Soriano, Southcom chief. Soriano said the group is not even considered a national threat because its operations are mostly confined in Mindanao.

"In the first place, a would-be assassin will find it difficult to come near the Pope," he said. "Security is very strict, and the Pope is surrounded by so many layers of people from the Church."

He said he was personally supervising the government offensive against some 100 fully armed extremists, who are holding five land surveyors for a P1 [Philippine pesos] million ransom.

The Abu Sayyaf members withdrew to this area Thursday [5 January] from Upper Mahayahay, Southcom said.

Reports reaching the *INQUIRER* office in Manila last night said a military Huey helicopter was damaged and its pilot wounded when it was shot at by the Muslim fundamentalists.

The helicopter was supporting a military operation when it was hit by rifle fire, an Agence France Presse report quoted hospital sources in Zamboanga City as saying.

The pilot was able to fly the helicopter back to its base in the city and was being treated for his wounds, the report said.

Soriano cautioned media on negative reports about Basilan. The reports, he said, would be unfair to the people of the island-province who want to promote tourism and to the government which is trying to lure foreign investments.

Military engineers are working on a 69-kilometer circumferential road traversing the towns of Lamitan, Tipo-Tipo, Sumisip, Tumajubog, and Maluso.

The project is expected to be completed before 25 January in time for a motor caravan to be launched by the local Department of Tourism office and private groups to promote tourism and investments.

About 100 vehicles and 100 motorcycles are expected to participate in the event.

Soriano said the military will no longer keep the Abu Sayyaf members on the run, but "kill them this time to stop them from transferring from one place to another."

Mohamad Ammat, former mayor of Lantawan and spokesman of the Moro National Liberation Front [MNLF] in Basilan, said MNLF field commanders have allowed soldiers to pursue the bandits.

Ammat said the MNLF would use force to stop the bandits from seeking refuge in its areas as part of a cease-fire agreement it has forged with the government.

For the offensive, Soriano has fielded two companies of Scout Rangers and hundreds of soldiers from the Army's First Division based in Pagadian City.

Pakistanis Deny Links With Abu Sayyaf

BK1101123395 Manila THE SUNDAY CHRONICLE
in English 8 Jan 95 p 9

[Report by Roel Pareno and Alean Luengas]

[FBIS Transcribed Text] Zamboanga City—The eight Pakistanis suspected to be supporting the Abu Sayyaf appeared last Friday [6 January] at the office of Basilan Provincial Governor Abdulgani Salapuddin to deny links to the extremists. The Pakistanis, led by their team leader Muhammad Arshad showed their passports and visas to prove their stay in the Philippines was for a legitimate purpose.

Arshad told Salapuddin that "we are here to preach Islam and Islam wants peace... Islam does not kill women, children, and old people and does not kidnap priests and hold people hostage."

Arshad, who was accompanied by his companions identified as Muhammad Humayoun, Mohib Ullsh Khan, Burban Badshah, Syed Zamir Badshah, Ajab Khan, Nadar Khan, and Mian Zarif Shah, belong to the Tabligh, an Islamic religious movement.

According to one of the Pakistanis, they have been in Basilan since November on a seven-month religious mission.

The group denied having contact with Ustadz Abubakar Abduradjak Janjalani, leader of the Abu Sayyaf.

Intelligence reports had indicated that three of the Pakistanis were seen in Barangay [Village] Baywas, Upper Sumisip where the Abu Sayyaf took five surveyors as hostages.

Last week, soldiers and policemen launched an offensive against the extremists in Barangay Baluk-Baluk, Lantawan.

On Friday, a helicopter gunship pilot was hit by the bullet when gunmen believed to be extremists fired at the aircraft while it was taking off in Baluk-Baluk.

The pilot, Lt. Hernan Roy Atienza, was hit in the left knee. He was declared in stable condition after a minor operation.

The military has been severely criticized for its failure to crush the Abu Sayyaf and letting the crime situation in Basilan fester.

Senator Rodolfo Biazon said the military and the police were confusing the people by issuing conflicting reports on the situation in Basilan.

Biazon, chairman of the Senate Committee on Peace, Unification, and Reconciliation, said it was necessary to clarify who was in charge in Basilan to determine who is responsible for whatever happens in the island province. He said conflicting reports on the real strength of the Abu Sayyaf, the arms landing, and presence of foreign elements were confusing the people.

Pakistani Envoy Denies Plot

BK1201104395 Hong Kong AFP in English 1028 GMT
12 Jan 95

[FBIS Transcribed Text] MANILA, Jan 12 (AFP)—Pakistan's ambassador to the Philippines denied Thursday reports that a Pakistani had been arrested here for plotting to sabotage Pope John Paul II's visit to this country.

Ambassador Afzal Qadir said: "I was advised by a highly-placed source that not a single Pakistani was arrested or detained as a security threat for the Pope's visit."

He was referring to local press reports on Wednesday saying that a Pakistani named Said Ahmed had been arrested in a Manila apartment with bomb-making materials, a priest's robes, Bibles and pictures of the Pope who began a four-day visit to this country on Thursday.

Philippine President Fidel Ramos had said Wednesday that "a couple of people" along with "incriminating evidence" had been arrested in connection with threats to the pope, but did not give any details.

"I don't know whether (Said) exists," Qadir told reporters, adding that the whole affair may have been "concocted to drive a wedge," between the two countries.

Meanwhile, Foreign Affairs Undersecretary Rodolfo Severino said Manila had explained to Teheran its refusal last week to allow eight Iranians into the country, again out of security concerns over the papal visit.

"The incident was regrettable," Severino said, adding that the explanation was made by the Philippine charge d'affaires who was summoned by the Iranian foreign ministry to explain the case.

However he said the government had not apologized for its decision on the eight who were allegedly found with

passport irregularities when they arrived at the Manila international airport on January 4.

The Immigration Commission here has also drawn up a list of 109 "mostly Moslem" extremists who would be barred from the country on suspicion they pose a threat to the pontiff.

In Tehran, the official news agency IRNA said the Philippine charge d'affaires there, Wilfredo Cuyujan, received a strong protest Wednesday about the affair.

A senior foreign ministry official complained to him about the "false allegations" against the eight and warned of the "negative consequences of such acts on political and economic relations between the two countries," IRNA said.

Police Arrest Pakistanis, Moroccan

BK1201120195 Hong Kong AFP in English 1136 GMT 12 Jan 95

[FBIS Transcribed Text] MANILA, Jan 12 (AFP)—Two Pakistanis and a Moroccan were being detained in the Philippines in connection with "threats" to Pope John Paul II, who arrived here Thursday on the first leg of a four-nation Asian tour, government sources said.

The high-ranking sources, who asked not to be named, said the three were allegedly part of a 23-member foreign terrorist unit that entered the country last year.

They identified one of the Pakistanis as Said Ahmed and the Moroccan as Nahid Hadad. They would not say where the three were being held or if the government planned to file criminal charges against them.

A Filipino man with a pistol who told police he was a bodyguard of President Fidel Ramos' Presidential Security Group (PSG) was, meanwhile, hustled to a police car on the pontiff's motorcade route, witnesses said.

Philippine President Fidel Ramos said Wednesday that "a couple of people" have been arrested with "incriminating evidence" in connection with threats to the pope, but did not give any details.

Press reports here said a Pakistani named Said Ahmed had been arrested in a Manila apartment with bomb-making materials, a priest's robes, bibles and pictures of the pope.

The Pakistani ambassador to the Philippines denied the reports Thursday.

Ambassador Afzal Qadir said: "I was advised by a highly-placed source that not a single Pakistani was arrested or detained as a security threat for the Pope's visit."

"I don't know whether (Said) exists," Qadir told reporters, adding that the whole affair may have been "concocted to drive a wedge" between the two countries.

The papal visit had been clouded by security threats. Asian airports announced on Wednesday they were beefing up security following advice from Filipino authorities that US airlines plying Asian routes faced bomb threats by Filipino-Moslem extremists.

Manila deported eight Iranians last week on grounds that they posed a potential threat to the pope.

Foreign Undersecretary Rodolfo Severino said Thursday that Manila has explained to Tehran its refusal last week to allow the eight Iranians into the country.

"The incident was regrettable," Severino said, adding that the explanation was made by the Philippine charge d'affaires who was summoned by the Iranian foreign ministry to explain the case.

However, he said the government had not apologized for its decision on the eight, who were allegedly found with passport irregularities when they arrived at the Manila international airport on January 4.

The Immigration Commission here had earlier drawn up a list of 109 "mostly Moslem" extremists who would be barred from the country on suspicion they pose a threat to the pontiff.

Ramos Approves Projects Worth 16 Billion Pesos

BK1201112295 Quezon City PTV-4 Television Network in Tagalog 0500 GMT 12 Jan 95

[FBIS Translated Text] President Ramos and the National Economic Development Authority approved the implementation of five development projects worth 16 billion pesos. These projects, which will be implemented in different parts of the country, are the Metro Cebu south road project, the Cebu reclamation project, the Cebu City flood control project, the agrarian reform infrastructure support project, and the maritime safety improvement project. Ramos hopes the projects will create plenty of jobs, increase the people's income, and establish new sites for industries.

Exports Rise 16.9 Percent First 11 Months

BK1201115095 Manila BUSINESS WORLD in English 9 Jan 95 p 2

[Report by Dulce J. Castillo]

[FBIS Transcribed Text] Total exports in the first 11 months of 1994 reached \$12.124 billion, posting a 16.9 percent growth from \$10.371 billion a year ago.

More noteworthy, the 11-month export performance surpassed the \$11.375 billion export earnings for the whole 1993.

On a monthly basis, however, November exports were 13.5 percent short at \$1.124 billion from \$1.299 billion the previous month. In the same manner, a 3.4 percent decrease was posted from \$1.163 billion a year ago.

Electronics and components remained the top exports, accounting for \$325.92 million for the month of November, down 5.9 percent from \$346.29 million a month earlier. However, this posted a significant increase of \$111 million from the year-ago level or a growth of 51.7 percent. Electronics accounted for 29 percent of aggregate exports.

Demand for articles of apparel and clothing accessories reached \$164.78 million. This registered a monthly and yearly decrease of 24 percent and 9.5 percent, respectively.

Coconut oil brought in \$56.65 million, making it the third biggest export product despite a 16.3 percent drop from last October's \$67.66 million. However, compared with the year-ago output of \$36.53 million, it recorded a 55 percent growth this year.

Receipts from woodcraft and furniture amounted to \$30.16 million, 15.3 percent less than the month-ago level. But a yearly comparison indicated an increase of 25.6 percent or \$6.14 million.

Ignition wiring and other wiring sets used in vehicles, aircraft, and ships dipped a slot down to fifth place. The recorded value, which posted a 24.9 percent decline over the previous month, amounted to \$29.38 million.

Export receipts for other products manufactured from materials imported on consignment basis plunged 86 percent to \$26.32 million from \$188.03 million in November 1993. Likewise, there was a 14.2 percent skid from \$30.69 million last October.

Meanwhile, cathodes and sections of cathodes of refined copper made a strong comeback from the previous year's slump by posting a growth of 110.7 percent to \$24.90 million. This commodity group secured the seventh place despite a 19.3 percent decrease from the previous month's \$30.85 million.

The country's other major dollar earners were shrimps and prawns (fresh, chilled, or frozen), \$22.82 million; gold, \$21.64 million; and metal components, \$17.88 million.

These 10 commodity groups accounted for \$720.45 million or roughly 64 percent of the country's total merchandise exports last November.

The United States remained as the top buyer of Philippine products with purchases worth \$407.12 million, a growth of 10.2 percent over last year's \$369.44 million. It accounted for 36.2 percent of total exports.

Japan, on the other hand, retained its position as the second leading market for Philippine products with purchases amounting to \$169.34 million, 15.1 percent of total exports for the month.

Demand for Filipino-made products was also strong in the British and Dutch markets with \$58.11 million and \$58.05 million worth of products exported, respectively.

Other major buyers of Philippine goods, which accounted for 85.4 percent of the total merchandise exports in November were Singapore, \$57.38 million; Germany, \$56.21 million; Hong Kong, \$53.89 million; Taiwan, \$37.38 million; Thailand, \$34.47 million; and, Malaysia \$28.10 million.

Government Posts P13.8 Billion Revenue Surplus
BK1201113995 Manila THE MANILA CHRONICLE
in English 7 Jan 95 p 11

[Report by Leticia P. Perez]

[FBIS Transcribed Text] The national government, its financial institutions and firms realized a revenue surplus of P13.8 billion [Philippine pesos] as of end-November last year as more collections and remittances flowed in.

In end-December, however, the finance department said the consolidated public sector deficit (CPSD) is likely to be assumed again.

Finance Undersecretary Romeo Bernardo in his memorandum sent to Finance Secretary Roberto de Ocampo said the deficit expected in end-December 1994 assumes that the national government will lose P1.7 billion in Bureau of Internal Revenue (BIR) collections.

The loss is likely to be to the tax-free treatment of the Christmas bonuses.

"The continued appreciation of the peso in December and accelerated utilization of tax credits by the National Power Corp. will lead to the widening of the BOC (Bureau of Customs) shortfall from P4.5 billion in November to about P5 billion by year-end," Bernardo said.

Bernardo said the deficit will also arise as the national government and the government-owned and controlled corporations catch up on delays in investment spending.

Also, Bernardo said, some P2 billion will be used up by the national government for maintenance cost requirements and productivity incentives for government employees.

The end-November surplus was an achievement considering that a programmed deficit was set for this year at P21.2 billion and there was a deficit in the same period last year amounting to P26 billion.

Bernardo said the national government fiscal surplus was boosted by privatization proceeds which exceeded programmed target by P10.8 billion and collection of fees and charges which also exceeded the program target by P5 billion.

There was also a larger collection from the BIR which was above the target by P4.5 billion, Bernardo said. On top of this came savings from interest payments amounting to almost P7 billion due to lower interest rates and lower volume of government borrowings.

Military Warns of Possible MILF-MNLF Reunification

*BK1201103095 Manila BUSINESS WORLD in English
9 Jan 95 p 8*

[Report by Sandra S. Aguinaldo]

[FBIS Transcribed Text] Two armed Muslim organizations are currently working on reunification, with a military intelligence report warning the merger poses a threat to national security in the event peace talks with Muslim rebels collapse.

The leaders of Moro National Liberation Front (MNLF) and the breakaway Moro Islamic Liberation Front (MILF) are now in the process of working out old differences in a move to "unite the Bangsa Moro people," Abeth Iribani of the MNLF Secretariat said yesterday.

Intelligence reports obtained by BUSINESS WORLD said the development will endanger the country's internal security because the two biggest organizations of Muslim rebels might launch a total war if ongoing talks with the MNLF fail to reach a positive conclusion.

"Should the talks collapse, the MNLF and the MILF will unite in a renewed armed struggle against government and for the creation of an independent Muslim state in Mindanao," the report said.

The MILF broke away from the MNLF in 1981 due to differences between the former's Hashim Salamat and the latter's Nur Misuari. Intelligence officials said that although the two have personal differences and conflicting political views, prospects for a united armed organization of Muslim rebels are not remote.

Mr. Iribani, however, said the unification efforts are intended to make the peace talks with government "more meaningful." He said the success of negotiations ending the Muslim conflict in the southern Philippines will depend on whether the settlement fully covers the whole Muslim community.

"Once we have forged an agreement with the government, we want the implementation to cover even the MILF," he said.

He added the talks at "leadership level" between the two groups are not seen to be difficult despite personal misunderstandings between Messrs. Misuari and Salamat. "Time heals wounds and they have mellowed through the years. It's going to be easy for us," Mr. Iribani said.

Based on military assessment, the MNLF has 14,080 men while the MILF has 5,700.

The MILF was said to have recently received a shipment of arms which the military said was of foreign origin. The MNLF, intelligence reports said, is constantly luring more Muslims into the group and acquiring high-powered firearms from its foreign contacts.

Latest reports said the MNLF's membership increased to 14,080 in 1994 as compared to 12,860 in 1993.

The intelligence community is of the opinion the merger will be "a strong force to contend with" particularly when the talks collapse.

The intelligence report said there are indications negotiations with the Muslims will fail because of conflicting stands on matters pertaining to the establishment of a provisional government in Mindanao and the creation of a security force made up of MNLF personnel.

The same report said the MNLF will push for the inclusion of all the provinces and cities mentioned in the Tripoli Agreement but will likely fail in the referendum. The Armed Forces of the Philippines will also object to the establishment of the independent security force.

The MILF recently clashed with government troops in North Cotabato and was able to put up a strong fight. Hostilities in Carmen, North Cotabato, have temporarily stopped as talks at the local government level continue.

Another intelligence report said the MILF can be expected to initiate attacks of the same magnitude in order to attract the attention of government. The report said the rebel group will eventually seek international recognition, in particular a seat in the Organization of Islamic Conference.

MILF Reportedly Receives Weapons Shipment

*BK1201094895 Manila BUSINESS WORLD in English
10 Jan 95 p 6*

[Report by Sandra S. Aguinaldo]

[FBIS Transcribed Excerpt] The Moro Islamic Liberation Front (MILF) has admitted it is preparing its members for a total war in case talks between the Moro National Liberation Front (MNLF) and government collapse.

Mohaquir Iqbal, MILF propaganda chief, said efforts are being made by the Muslim guerrillas to prepare in case the panel fail to sign a settlement ending hostilities in the South.

"This is the last chance for peace. The MNLF and the government are talking and if they eventually agree on the full implementation of the Tripoli Agreement, we will support it. Kung mag-bogdown naman, at least malakas kami [If it gets bogged down, at least we are strong]," he said.

He added the MILF is far more powerful than what the military claims. Military reports place the MILF strength at 5,420 but Iqbal said the estimates were not accurate. He refused to reveal the MILF's real strength.

MILF rebels were said to have received an arms shipment from a foreign supporter, including 1,000 pieces of high-powered firearms which landed in Lanao loaded in small pump boats.

The group was also monitored to have been engaging in a massive recruitment and training drive.

The military's intelligence believes the MILF will soon unite with the MNLF in case peace talks collapse due to two unresolved issues—creation of a provisional government and establishment of a regional security force.

The MNLF, led by Nur Misuari, last Saturday admitted it is negotiating with the breakaway faction of Hashim Salamat in order to "bring together the Bangsa Moro people."

But Abeth Iribani of the MNLF secretariat said unification efforts were intended to enhance the peace process and not to launch a total war against government.

Intelligence reports cautioned a strong possibility the two armed groups will merge and push for the establishment of an independent Muslim government in the south.

Iqbal also said situation in Carmen, North Cotabato, remains tense despite efforts of government and MILF leaders to promote peace in the area.

The forces recently clashed after the rebels demanded a total pullout of troops guarding the P [Philippine pesos] 1.7 billion Malmar irrigation project being constructed by South Korea's Shimsung Construction Co.

The rebels remained firm in their stand that not a single soldier should be seen in the vicinity of the project. The military said the demand may be accepted provided a police force is maintained to secure the government project.

Meanwhile, Senator Santanina Rasul yesterday asked government to go slow in convening a peace and order summit on Mindanao until Muslim-related bills pending in Congress are approved.

The proposals "languishing in the law-making body" are the creation of Mindanao Railways Corp., Mindanao Development Authority, dividing the National Power Corp. into three subsidiaries for Luzon, Visayas and Mindanao, ancestral land bill and Fisheries Code.

Ms. Rasul said the summit may just "degenerate into an exercise for fault finding" by Mindanaoans who have been waiting for the enactment of those measures.

"I am afraid that our frustrated Muslim brethren will only use the proposed summit as a forum to assail Congress for its apathy towards legislative measures aimed at improving their lives," she said.

She said "depressed economic conditions" are the cause of criminality and insurgency in the region, which could be addressed by pending legislation on top of government efforts accelerating development projects in the area and ongoing peace talks.

Development task forces were created by the administration to stop insurgency in Basilan and North Cotabato.

She also cited "adequate" support provided by government to the Autonomous Region for Muslim Mindanao.

The summit was a proposal of Senator Ernesto Herrera to find an "effective campaign" strategy to stop terrorism and insurgency in Mindanao. [passage omitted]

Politicians Reportedly Behind Arms Smuggling

BK1201120695 Manila THE MANILA CHRONICLE
in English 9 Jan 95 pp 1, 8

[Report by Eric Garafil]

[FBIS Transcribed Text] Muslim politicians, conniving with military officials stationed in Mindanao, were behind the arms smuggling in Lanao del Sur, a top official of the Moro National Liberation Front (MNLF) said yesterday.

MNLF Spokesman Jain Jali said the Muslim politicians purchased the firearms in Vietnam, and brought them in with the assistance of some military officials stationed in Mindanao, in preparation for the elections this May.

Some of the smuggled arms included mortars and other high-powered guns. They were brought to Lanao del Sur by small boats.

Jali quoted a source as having said that many of the guns ended up in the private armories of an incumbent official in Central Mindanao and a former official of the Autonomous Region for Muslim Mindanao (ARMM).

Other Muslim politicians received part of the arms shipments, but Jali said the MNLF source declined to name the politicians.

The Armed Forces had earlier claimed that the arms shipments monitored in Lanao del Sur were intended for rebel groups in Mindanao.

But Jali denied that the arms went to the MNLF.

Jali also doubted the capability of the military to check the Abu Sayyaf group, saying the guerrilla group is mobile and is familiar with the terrain.

But he agreed with the conviction of military leaders that the Abu Sayyaf, led by Abdurajak Abubakar Janjalani does not have the capability to assassinate Pope John Paul II who is due to visit the country on 12 January.

"Hindi na nga sila (Abu Sayyaf) halos makakain doon sa Basilan at panay pa ang takbo nila, magpapadala pa sila ng tao sa Maynila [They, Abu Sayyaf, can hardly eat in Basilan and they are always on the run, and now they will send men to Manila]," said Jali, commenting on the group's threat to assassinate the pontiff.

He also denied reports that Abdulgani Abubakar, a member of the MNLF Central Committee, has joined the Abu Sayyaf.

Jali said that Abdulgani Abubakar, who reports said has taken over the leadership of the terrorist group, is still a member of the MNLF Central Committee assigned to act as MNLF's liaison to Abu Sayyaf.

"Pinapunta lang siya (Abubakar) ni Chairman Misuari sa kampo ng Abu Sayyaf sa Jolo para pagsabihan si Janjalani na huwag manggulo (sa Sulu) [Chairman Misuari sent Abubakar to the Abu Sayyaf's camp in Jolo to tell Janjalani not to create trouble in Sulu]," Jali said.

The government's peace talks with the MNLF have been deadlocked by differences over the MNLF's demand for the creation of a provisional government in the 13 provinces of Mindanao.

Some ARMM politicians have opposed the MNLF's proposal—which is acceptable to certain sectors in Manila—to create a new government parallel to the ARMM.

Some 1,000 Moro Islamic Liberation Front (MILF) regulars, meantime, remained in position in North Cotabato in anticipation of a government offensive to secure the Malitubog-Maridagao irrigation project.

MILF and government representatives agreed on a cease-fire to resolve the source of conflicts in the irrigation area.

MNLF Dismisses Talk of Abu Sayyaf Plan on Arms

BK1101125295 Manila THE MANILA CHRONICLE in English 10 Jan 95 pp 1, 8

[Report by Cynthia Lopez-Dee]

[FBIS Transcribed Text] Chairman Nur Misuari of the Moro National Liberation Front (MNLF) yesterday hinted that some military officials and Mindanao politicians were behind the recent arms landing in Lanao del Sur.

In a live radio interview, the Jeddah-based MNLF leader said the people smuggling weapons and ammunition in that Muslim-populated province "are known to the military, so it should not be difficult to identify them."

Misuari was interviewed by the DZXL for his reaction to a CHRONICLE story quoting MNLF Spokesman Jain Jali as saying that Muslim politicians connived with some military officials in smuggling firearms in Mindanao.

He also described as speculations reports that the MNLF has grabbed the leadership of the extremist Abu Sayyaf.

The MNLF has neither direct link nor influence over the Abu Sayyaf led by Abdurajak Abubakar Janjalani, Misuari said.

"It is an independent and separate organization which decides on its own," he added.

Jali had earlier clarified the reports, saying that Abdulgani Abubakar, which has allegedly taken over from Janjalani, has remained a member of the MNLF central committee serving as liaison man with the Abu Sayyaf.

Misuari said he does not "see any justification" to the reported threat of the Abu Sayyaf to harm Pope John Paul II, who is scheduled to arrive here 12 January for a four-day visit.

"Islam won't sanction such activity," the MNLF chieftain stressed, adding that "Islam is a tolerant religion which encourages respect to all other religious leaders, including the Catholic Pope."

Misuari noted that "it is not wise to underestimate the Abu Sayyaf in carrying out its threat to sow terror in areas where it has influence or harm the visiting pontiff.

Still, he said, he was convinced the reported Abu Sayyaf threat against the Pope was pure speculation.

Misuari said reports of truce violations by some MNLF guerrillas should be thoroughly verified.

But he explained that the latest incident in Ulutangga and Dinag allegedly initiated by MNLF guerrillas was possibly a "mere reaction" to earlier clashes triggered by government troopers.

Misuari said this was the first time that MNLF men were accused of violating the cease-fire.

Armed Forces Chief Arturo Enrile could neither deny nor confirm the reported violations.

"So far, we have not received confirmed reports that there was really some kind of movement posing for a possible attack or anything. So far, the MNLF (rebels) are still sticking to the cease-fire agreement," Enrile told reporters here during the 50th anniversary of the Lingayen Gulf Landings.

But Enrile expressed satisfaction that the reported violations came from the Indonesian observers.

"I'm glad they're the ones who said that, not us. It's very important that the observation came from the observers (Indonesians) because it will be coming from a neutral party," Enrile said.

He said the Philippine panel and the MNLF joint cease-fire committee will discuss the alleged violations.

Observers Reveal No AFP Cease-Fire Violations

BK0901025295 Quezon City GMA-7 Radio-Television Arts Network in Tagalog 2230 GMT 8 Jan 95

[FBIS Translated Text] Indonesian military observers revealed that the Armed Forces of the Philippines has not committed any cease-fire violations. This revelation was made in connection with allegations that Philippine

troops violated the cease-fire agreements between the government and the MNLF [Moro National Liberation Front]. According to the Indonesian observers, it is the MNLF rebels who violated the cease-fire by carrying arms and initiating shooting with police patrols in areas not covered by the cease-fire agreement. Earlier, the MNLF leader filed a complaint that their defense positions were attacked by troops of the military on 13 and 14 December.

Government Extends Cease-Fire With MILF

*BK1201112395 Manila PHILIPPINE DAILY
INQUIRER in English 7 Jan 95 p 3*

[Report by Cynthia D. Balana]

[FBIS Transcribed Text] Awang, Maguindanao—The government yesterday extended for 10 more days its cease-fire with the Moro Islamic Liberation Front (MILF) to give the rebel group more time to study an offer to end the hostilities in the Malitubog-Maridagao (Malmar) irrigation site in Carmen, North Cotabato.

It was the second time that the cease-fire was extended by both parties. The truce was slated to end on 8 January. The MILF sought the extension.

Paul Dominguez, presidential assistant for Mindanao affairs, met with Lt. Gen. Orlando Soriano, Southern Command chief, and three MILF representatives at the house of Zacaria Candao, former governor of the Autonomous Region in Muslim Mindanao here.

Dominguez was joined by Brig. Gen. Renato Garcia, chief of the Army's 6th Infantry Division based in Camp General Siongco, and Chief Supt. [Superintendent] Andre Superable, PNP [Philippine National Police] Recom [Regional Command] 12 commander.

Dominguez, however, refused to disclose the government's counterproposal to the MILF, saying negotiations should not be conducted through the media.

"We are still talking to them. I want to give them the opportunity to review and assess what is in the table," Dominguez told reporters at the end of the meeting.

The MILF has demanded the withdrawal of Army troops and engineering units from the Malmar area.

At present, four Army battalions and 1,000 MILF rebels are on a standoff in the area.

Thailand

U.S., Other Banks Allowed To Open BIBF Offices

*BK1201070095 Bangkok BANGKOK POST in English
12 Jan 95 p 17*

[FBIS Transcribed Text] Twenty-two foreign banks have won approval to open a total of 37 Bangkok International Banking Facilities (BIBF) offices in five rural provinces.

Finance Minister Tharin Nimmanhemmin said the ministry realised modernisation of rural areas required huge funding, particularly from Thai and international money markets. The provinces are Chon Buri, Rayong, Chiang Mai, Ayutthaya, and Songkhla.

Permission was granted because development of money markets in the regions would stimulate competition among financial institutions. More services would be offered and the quality of services improved, he said. This would develop money markets in the regions to international standards. Hefty funding is needed to speed growth, particularly of basic infrastructure, according to Mr. Tharin.

BIBF offices in the provinces would help channel foreign funds to rural areas instead of just Bangkok. Provincial businesses would have access to enough funds at lower costs he said.

Chon Buri will have BIBF offices representing 16 foreign banks: United Overseas Bank of Singapore, Bank of Nova Scotia of Canada, Internationale Nederlanden Bank NV of the Netherlands, Korea Exchange, Dai-ichi Kangyo of Japan, Long-Term Credit Bank of Japan, Sumitomo of Japan, Industrial Bank of Japan, Bank of Tokyo, Banque Nationale de Paris, Sakura of Japan, Mitsubishi, Bank of America, Deutsche Bank of Germany, Sanwa of Japan and Hong Kong Shanghai Banking Corp.

Six banks to be represented in Rayong are Development Bank of Singapore, Societe Generale of France, Standard Chartered, Citibank, Dresdner of Germany and ABN AMRO of the Netherlands.

Seven banks to have office in Chiang Mai are Societe Generale, Standard Chartered, Hong Kong and Shanghai, Mitsubishi, Sanwa, ABN AMRO and Bank of America.

Seven offices in Ayutthaya will represent United Overseas, Dai-ichi Kangyo, Long-Term Credit Bank, Sumitomo, Industrial Bank of Japan, Bank of Tokyo and Sakura. The only BIBF bank in Songkhla will be Citibank.

Thirty-three foreign banks operate BIBF services in Thailand, but only 22 of them applied for licences in the provinces.

Mr Tharin said the 22 banks would be given two years to prepare their facilities for the offices. The ministry would soon allow others to submit applications.

The provincial BIBFs will be allowed to extend loans in baht and foreign currencies. The maximum loan in baht will be one billion per transaction. The minimum transaction in foreign currencies will be US\$500,000 (12.5 million baht) with no upper limit.

They will also be able to take deposits in foreign exchange from non-residents. The only residents who can deposit foreign currencies with these banks are exporters.

The provincial BIBFs can operate foreign exchange services and investment banking services, such as giving financial advice and underwriting certain notes.

Officials Cited on Sin Song, Cambodian Airline

*BK1201102695 Bangkok BANGKOK POST in English
12 Jan 95 p 6*

[FBIS Transcribed Text] The Swedish Government has shown interest in providing political asylum for fugitive Cambodian coup leader Sin Song and his co-conspirators, an Interior Ministry source said yesterday. Officials of the Interior and Foreign ministries are following up on the matter, the source said. He said Gen Sin Song and his accomplices, now in detention in Thailand under Article 54 of the Immigration Act, were trying to seek their release on bail. However, the source said, Immigration Police had no power to decide on their bail requests and had to pass on the issue to the Interior and Foreign ministries.

Immigration Police commissioner Kiattisak Praphawat said his agency had to wait for a government decision on whether to allow bail for the Cambodian fugitives or to continue keeping them in custody.

Foreign Minister Thaksin Chinnawat said Gen Sin Song's case was a matter for the Interior Ministry. The minister believed the general would be released because there was no law to keep him under detention. After his release, the general would be closely watched to ensure that he did not engage in political affairs.

Mr Thaksin also said authorities would try to speed up the general's departure from Thailand in order to prevent repercussions on Thai-Cambodian relations.

Thailand had already informally notified Phnom Penh that Gen Sin Song would not be sent back to Cambodia. Mr Thaksin said that a formal notification would be sent to the Cambodian Government soon.

In a separate development Interior Ministry intelligence officials were reportedly trying to verify reports that Bo Mya, leader of the rebel Karen National Union movement in Burma, had already sneaked into Thailand.

A ministry source said the ministry was ordered to try to prevent Gen Bo Mya from making movements in Thailand and from using the country as a springboard to go to a third country.

Interior Deputy Permanent Secretary Chaiwat Huta-charoen insisted that Gen Bo Mya must have legal travel documents if he wanted to enter Thailand.

Immigration Police would be held responsible if Gen Bo Mya managed to enter Thailand illegally, Mr Chaiwat said.

Meanwhile, Mr Thaksin yesterday urged Cambodia International Airline (CIA) to negotiate and settle its

problems with the Cambodian Government rather than bring the case to the World Court.

The Cambodian Government recently canceled contracts with CIA and another Thai airline, Siam-Kampuchea Airline (SK Air), to enter into a joint venture with Malaysian International Airline to operate the country's national carrier.

CIA management were reportedly planning to sue the Cambodian Government in the World Court, while SK Air has already announced it would try to work things out through negotiations with Phnom Penh.

"I believe the Cambodian Government understands the problem well and may compensate the two airlines. But it may pay in kind because it doesn't have the cash," said the minister.

Mr Thaksin said that SK Air, having chosen to negotiate, is likely to get a share in Royal Air Cambodge.

The minister added that the Government has not discussed the issue with its Cambodian counterpart, but has asked Phnom Penh to look into the case because it is not right and will damage the investment atmosphere in Cambodia.

Report Examines PRC-Burmese Ties, ASEAN Concerns

BK1101123895 Bangkok XING XIAN RIBAO in Chinese 10 Jan 95 p 8

[Report by Liu Zhenyan]

[FBIS Translated Text] The Rangoon military regime has asked China to provide assistance in military technology to enable Burma to produce military weapons to strengthen its defenses.

A military source told this newspaper's correspondent yesterday that Burma repeatedly raised the military assistance issue with the Chinese when the Rangoon military regime's leaders visited Beijing late last year and during Chinese Premier Li Peng's recent visit to Burma. It has been learned that China agreed in principle to consider the request.

Burma is a major buyer of Chinese weapons. Burma wants to enter into a joint venture with China to set up arsenals in Burma to produce weapons for defense and for export.

The Burmese Government is planning to build two arsenals—one of them in Rangoon.

According to reports, China has sold \$1.2 billion worth of weapons to Burma over the past four years. In recent months, Burma has placed orders with China to purchase weapons worth \$0.4 billion. The purchase orders include 20 armed helicopters, 50 artillery pieces, 60 armored personnel carriers, and six patrol boats. These

weapons will be used to fight drug warlord Khun Sa's guerrillas, who operate actively in the Golden Triangle area.

During a meeting of ASEAN senior officials in Bangkok last Friday [6 January], several ASEAN countries expressed concern over the increasing military contacts between China and Burma. Some officials said that ASEAN should keep a close watch on future developments in the two countries' relations following Li Peng's visit to Burma.

ASEAN has pursued a "constructive engagement" foreign policy in recent years aimed at helping Burma end its 30 years of isolation and carry out political reforms. ASEAN also hopes that Burma will become an ASEAN member in the next three to five years.

Some ASEAN countries are worried that the close relations between China and Burma—especially their military cooperation—may have a negative impact on ASEAN's security and weaken ASEAN's political and diplomatic influence over Burma.

ASEAN and China have agreed to hold their first forum on security and political cooperation in Suzhou, China this April. Some ASEAN representatives hope that China will clarify its stand on relations with Burma and take vigorous action to solve the Spratlys issue.

The ASEAN senior officials agreed that ASEAN is satisfied with China's stand as stated during the first ASEAN Regional Forum held in Bangkok on 25 July. They believe the two sides can strengthen bilateral understanding and solve problems through dialogue.

China is now ASEAN's special consultative partner. The two sides have developed bilateral economic, trade, and scientific and technological cooperation.

Army Chief on News Coverage of South Bombing

*BK1201102895 Bangkok BANGKOK POST in English
12 Jan 95 p 6*

[FBIS Transcribed Text] Army Commander Wimon Wongwanit yesterday urged the press not to sensationalise its news coverage on the South as this would only create a negative impact on the country as a whole.

The 59-year-old commander made the comment after being asked about the situation in the South where two Muslim saboteurs were killed last week in Hat Yai after a bomb being carried by them for a sabotage mission accidentally exploded.

Gen Wimon said sensationalising sensitive news reports can easily cause the public to misunderstand and noted that the situation in the South was not as bad as some newspapers had been reporting. "This kind of reporting can only help drive tourists and foreign investors away from the area."

The army commander maintained that separatists in the area were responsible for last week's bomb blast that killed the two saboteurs. However, he said other recent bombing incidents in the South that had appeared in some papers were just personal conflicts and not linked in any way to terrorism.

He said the present 4th Army Commander Lt-Gen Panthep Puwanatnurak was trying his best to create stability and unity in the area by bringing back the famous policy 66/23 which could help bring peace and prosperity to the region.

Gen Wimon urged the press not to pay too much attention to stories that could internationally discredit the country's image.

Interior Minister Sanan Kachonprasat shared the same views as the army chief yesterday.

"The incident was just a minor criminal incident and was not connected to terrorism but some newspapers were intentionally confusing the public by linking them," he said.

He said the Government wholeheartedly supported press freedom and he was hopeful that newspapers would from now on show responsibility through their news coverage by not repeating the same mistakes.

Maj-Gen Sanan also urged reporters to ask him or his staff in the ministry to clarify stories before making them public so that the people are not misled.

Recalling earlier press reports that an independent task force unit would be set up to help him implement his policies, Maj-Gen Sanan said there was no truth to the story.

"It's a pity that reporters did not clarify the issue with me before sending it into print. I could have given them a proper explanation," he said.

He said at times the print media had gone too far in creating their own stories and later denying them.

"When I hadn't formed the (task force) committee which had been earlier reported by these papers, they reported that I was afraid to set it up because of strong opposition. This is totally unfounded because I never ever said that I was planning to form a task force committee," said Maj-Gen Sanan.

However, the minister admitted that he had planned to form a committee whose duty would be to monitor the performance of all related agencies in the ministry to make sure the Government's policy was being implemented.

Meanwhile in Satun, Democrat MP for Satun Thanin Chaisamut has successfully persuaded a suspect in a bomb plot at Hat Yai railway station early this month to surrender, according to a police source.

Sukrinai Bilangload, who reportedly escaped to Kuala Lumpur, was expected to turn himself in to police today. Sukrinai and his brother Mahamad are wanted under an arrest warrant for alleged involvement in a plan to sabotage Hat Yai railway station on January 3.

The plot, however, was foiled after a home-made bomb went off accidentally near downtown Hat Yai before it was planted, killing two saboteurs, Sukri Langchi and Brahini Lihwang, at the scene.

Police later searched a house rented by Sukrinai and Mahamad and found documents in Thai, Yawi and Arabic as well as some explosive substances.

Vietnam

Central Committee Sends Condolences to Laos

*BK1201022495 Hanoi VNA in English 1502 GMT
11 Jan 95*

[FBIS Transcribed Text] Hanoi VNA Jan. 11—The Central Committee of the Communist Party of Vietnam, the president of the Socialist Republic of Vietnam, the Standing Committee of the National Assembly, the government of the SRV and the Central Committee of the Fatherland Front today sent a message of condolences to Laos over the death of Mr. Souphanouvong.

The message, addressed to the Central Committee of Lao People's Revolutionary Party [LPRP], the National Assembly and the Lao Front for National Construction, said:

'We are extremely grieved over the news that Comrade Souphanouvong, advisor to the Central Committee of LPRP, former Politburo member and president of the state has passed away.

'Comrade Souphanouvong is an outstanding son of the people of Lao nationalities, a courageous and valiant revolutionary leader who devoted all his might and [word indistinct] for national independence and prosperity of Laos, for freedom and happiness of the Lao people. He is a great, close and loyal friend of the Vietnamese people who made important contribution to the building, consolidation and development of the special friendship, solidarity and all sided cooperation between Vietnam and Laos'.

'His death is a great loss of the party, state and people of Laos and his family and also a great pain for the Vietnamese people'.

Delegation Leaves for Lao Official's Funeral

*BK1201111795 Hanoi VNA in English 0559 GMT
12 Jan 95*

[FBIS Transcribed Text] Hanoi VNA Jan. 12—A high ranking party and state delegation led by Vo Chi Cong, advisor to the Central Committee of the Communist Party of Vietnam [CPV CC] and former president, left

here today for Vientiane to attend the funeral of Mr. Souphanouvong former president of Laos who died on Monday of heart condition.

The delegation includes Mr. Hong Ha, secretary of the Communist Party of Vietnam Central Committee; Tran Van Dang, member of the CPV CC and vice president of the Fatherland Front Central Committee; Do Van Tai, deputy head of the party External Relations Commission; and Bui Van Thanh, Vietnamese ambassador to Laos.

UK's Clarke Arrives 10 Jan for Official Visit

Visit Agenda Reported

*BK1101160195 Hanoi VNA in English 1244 GMT
11 Jan 95*

[FBIS Transcribed Text] Hanoi VNA Jan 11—Britain's Chancellor of the Exchequer Kenneth Clarke arrived here on Tuesday for a three-day visit which could pave the way for British assistance in setting up Vietnam's first capital markets.

Mr. Clarke is accompanied by senior finance industry leaders from the securities, banking, accountancy and insurance sectors.

During the trip to Hanoi and the southern commercial hub Ho Chi Minh City, Mr. Clarke is scheduled to meet top Vietnamese officials including Prime Minister Vo Van Kiet, Finance Minister Ho Te and State Bank Governor Cao Si Kiem.

These meeting could lead to British business and industry stepping in to lend Vietnam assistance in founding its first stock exchange, as well as developing other financial market.

Britain is the 10th largest foreign investor here with USD 376 million tied up in 15 projects in oil exploration and exploitation industry, agriculture, communication audit and investment consultancy. Standard Chartered Bank of Britain also opened its branches in Hanoi and Ho Chi Minh City.

While addressing the English speaking Bankers' Club of Hanoi on Wednesday Mr. Clarke expressed his belief that Britain would continue to make active contribution to the development cause in Vietnam.

Meets With Prime Minister 11 Jan

*BK1201022595 Hanoi VNA in English 1506 GMT
11 Jan 95*

[FBIS Transcribed Text] Hanoi VNA Jan. 11—Prime Minister [P.M.] Vo Van Kiet received here today British Chancellor of the Exchequer Kenneth Clarke and his party on a working visit to Vietnam.

The British chancellor expressed his pleasure at the results of his working sessions with relevant Vietnamese agencies and the possibility for further cooperation with

Vietnam in finance, banking and insurance. He said that Vietnam took an important position in the British policy of external relations with Southeast Asia and the Pacific for its political stability and rapid economic development, and the United Kingdom wished to broaden its cooperation with and assistance to Vietnam in consultancy, personnel training and share with Vietnam experiences in financial and monetary activities, especially capital and stock markets, he expressed his belief that Vietnam's economic reform would facilitate the mutually beneficial cooperation between the two countries.

For his part, P.M. Kiet welcomed the results of the chancellor's visit as a fine demonstration of the Vietnam-Britain cooperation in the new year. He expressed his wish for the development of the friendship, cooperation and mutual assistance between the two countries in various fields, especially finance, banking and insurance.

P.M. Kiet asked the British chancellor to convey his regards and invitation to the British prime minister to visit Vietnam.

Foreign Minister on Promoting External Ties

BK1201022795 Hanoi VNA in English 1512 GMT 11 Jan 95

[FBIS Transcribed Text] Hanoi VNA Jan 11—Vietnam wishes to further promote relations with other countries over the world and hopes these ties will be ever developed for the interests of each country, said Foreign Minister Nguyen Manh Cam today.

Speaking at a get-together held here to mark the 45th anniversary of the establishment of diplomatic relations between Vietnam and China, Russia, the Democratic People's Republic of Korea, the Czech Republic, Slovakia, Hungary, Romania, Poland and Bulgaria, Mr. Cam described the events as the opening of the friendship, solidarity and multi-sided cooperation between Vietnam and these nations. He noted with satisfaction that these ties have been ever enhanced, developed and expanded considerably in many fields in line with Vietnam's desire to have bilateral and multilateral cooperation with all countries. He highly valued the cooperation of these countries with Vietnam, adding that that was in line with the global trend for peace, [word indistinct], cooperation and development.

On behalf of the foreign diplomats present at the meeting, Russian Ambassador to Vietnam Mr R.L. Khamidulin stressed on the significance of the events. He praised Vietnam's rapid economic growth and achievements in recent years, particularly in expanding its ties with a number of countries and consolidating the existing relations with the fraternal countries. He made it clear that these countries and Vietnam would continue promoting the friendship and developing the bilateral and multilateral cooperations for the sake of peace, stability and development, and for the interest of each country.

Vo Van Kiet Addresses Security Force Congress

BK1201095195 Hanoi Voice of Vietnam Network in Vietnamese 2300 GMT 11 Jan 95

[FBIS Translated Text] The 20th national public security congress was held from 9-11 January in a enthusiastic, solemn, and frank atmosphere reflective of a strong sense of responsibility and purpose.

The congress was attended by Prime Minister Vo Van Kiet.

The summary report on the activities of the People's Public Security Force in 1994 and the views aired by various delegates showed that last year, fully aware of the party's renovative notions, the People's Public Security Force successfully overcame countless difficulties and ordeals. Although deficiencies and weaknesses remain, what was achieved by the People's Public Security Force testified to its correct implementation of the renovation policy in line with the developmental trend of the national situation. The People's Public Security Force was reported to have recorded initial yet important successes.

On behalf of the party and government, Prime Minister Vo Van Kiet hailed the People's Public Security Force as having made remarkable efforts in helping the country register very important socioeconomic achievements.

In his speech, the prime minister concentrated on analyzing the situation and the duties of the People's Public Security Force regarding the maintenance of public order and security. He urged the People's Public Security Force to make full use of all opportunities, overcome ordeals, dispel dangers, and surge forward to perform its assigned duties in an outstanding fashion.

Central Agencies Review Party Renovation Task

BK1101124495 Hanoi Voice of Vietnam Network in Vietnamese 0500 GMT 11 Jan 95

[FBIS Translated Text] The party Central Committee Organization Department held a conference in Hanoi on 9 January to exchange experiences in implementing the resolution of the Third Central Committee Plenum on party renovation and rectification tasks of party organizations in blocs of agencies at the central level. The conference was chaired by members of the Central Committee Political Bureau and Secretariat; Le Phuoc Tho, director of the Central Committee Organization Department; and Nguyen Ha Phan, director of the Central Committee Economics Department. It was attended by representatives of 28 party organizations from government ministries and agencies in the economics party bloc and by secretaries and deputy secretaries of central-level agencies blocs.

Concluding the conference after the participants had submitted their opinions and suggestions, Comrade Le Phuoc Tho pointed out that the party's policy of renovating and rectifying party organizations is a key factor

that has decisive significance for socioeconomic development within the renovation undertaking. Exchanging experiences after more than two years of implementing the resolution of the Third Central Committee Plenum at central-level agencies, therefore, is a particularly important task because the agencies in question are at the command level and help the party and government draw up policies, directions, and lines. He stressed that in 1995, party organizations in central-level agencies should focus more on the party building task, paying special attention to cadre work, in preparation for the general review of experiences in party renovation and rectification that will be carried out in late 1995 as well as for the eighth party congress. Importance should be attached to cadre work, including the tasks of cadre evaluation, training and retraining, transfer, and deployment. He also raised a number of issues and measures to be applied in cadre work as well as in the links between cadre work and building steadfast party grassroots organizations and enhancing party member quality.

* General on 'Art of Offensive Operations'

952E0041A Hanoi TAP CHI QUOC PHONG TOAN DAN in Vietnamese Oct 94 pp 37-39, 10

[Article by Major General Nguyen Huy Hieu]

[FBIS Translated Text] An offensive operation is a fundamental, primary, and widespread form of operation in war. In Vietnam, during the resistances against France and America, this type of operation was launched using many concrete forms and developed constantly with respect to objectives, scale, and methods of preparing for and carrying out operations. Starting from the targets and tasks of military strategy and the nature and special characteristics of the war to defend our socialist Vietnamese fatherland today, operations and the art of operations in general are developing with respect to both theory and practice. In this article, I would like to mention a number of these developments concerning the art of offensive operations.

1. The objective of offensive operations.

In the future, if we have to wage war to defend our socialist Vietnamese fatherland, along with other forms of operations, offensive operations can be carried on right from the start of the war for the purpose of annihilating and harassing a large part of the enemy forces, liberating the people and recovering the occupied territory, creating favorable conditions for expanding the local people's war and successive combat operations, and, at the same time, aiding the other struggle fronts such as the political struggle, troop movements, and diplomacy and putting down revolts to topple the regime and annihilating the internal reactionary forces.

The contents of the above objectives are closely related and have a mutual effect on each other. In this, the most basic goal is to annihilate elements of and harass a large part of the enemy's vital strength and means of war. In

order to do this, the requirement of offensive operations is to thoroughly understand the principles. At the same time, a guiding idea is that of "attacking to annihilate." Depending on the scale of each operation (division, corps [quan doan], and so on), the degree of the annihilation attack may differ: to annihilate several companies or battalions, to annihilate an enemy brigade, and so on. If the annihilation attacks are carried out successfully, that will create a breach in the enemy's defenses, alter the balance of forces and position between the enemy and us in the operation, and create favorable conditions for destroying the enemy's defenses, expanding the offensive, and completing the operations tasks. On the other hand, launching attacks to annihilate each of the enemy's military elements will expose their fatal weakness, which is a fear of suffering large losses, being overrun, and having to fight a protracted war. The aggressive will power of the enemy will weaken, and public opinion and psychology in the enemy country and in the world will be shaken greatly. In this situation, the enemy's war of aggression will have been defeated.

Making attacks to annihilate enemy military elements is an important precondition for launching broad harassing attacks. Conversely, launching widespread harassing attacks will create conditions for launching attacks to annihilate enemy elements. The main-force units must be concentrated in battles to annihilate the enemy. The local armed forces, in conjunction with main-force units, must launch attacks on a broad scale. They must launch small-scale attacks and attack the enemy on his flank and at his rear using flexible and varied forms of combat.

2. Scale of offensive operations.

Starting from the requirements and tasks of the war to defend the fatherland, offensive operations on various scales can be carried on along with other forms of operations from the very start of the war.

Depending on the goals and tasks of the operations and on the terrain and plans for using our forces, the scale of offensive operations can be divided into three types: Small-scale operations: The main forces can encompass a reinforced division or its equivalent in conjunction with the forces in the defense zones of one or two districts. Medium-sized operations: The main forces can encompass a corps or its equivalent in conjunction with the forces in the defense zones of a number of districts. Large-scale operations: The main forces can encompass two or three corps and a number of divisions in conjunction with the forces in the defense zones of one or two provinces. Small-scale and medium-sized operations can be widespread. Besides offensive operations using main forces, that is, main-force corps [binh doan], offensive operations can be carried on by local armed forces. In these operations, joint branch and service offensive operations aimed at annihilating and harassing the enemy forces play a key role in winning the war.

3. Combat operations methods.

Each offensive operation has its own special characteristics that are determined by the operations goals and tasks, the size of our forces and those of the enemy, the operations space and time period, the terrain, and so on. Selecting combat methods (operations methods) to exploit the integrated strength of the main forces and local people's forces in order to hit the operations targets requires that commanders be skilled in the art of war.

Offensive operations methods must ensure that the operations requirements are satisfied. This means relying on the strength of the district and provincial defense zones, establishing an advantageous, strong, impenetrable, and flexible offensive position, surrounding and dividing the enemy forces, attacking the enemy everywhere in the area, and concentrating forces for attacks on key positions. When launching an operation, we must be sure of victory, attack the right targets, and create the conditions for expanding the offensive in accord with the intentions of the offensive. Superior forces must be concentrated in the main directions and zones, on the main targets and key battlefields, and at advantageous times in order to carry out annihilating attacks. There must always be strong reserve forces. The various operations methods and combat forms and stratagems must be used in a flexible manner in order to attack the enemy, with attacking the enemy outside his fortifications being widespread, and to conclude the operation in favorable conditions.

In order to implement the combat methods effectively, the most important factor is to establish a combat position. If an enemy invades our country, he will make full use of his superiority in terms of modern, high-tech means of war, his rapid mobility, and his great destructive power in order to launch a surprise attack in the hope of hitting his strategic targets in a short period of time. Thus, establishing a combat position in order to seize and maintain the initiative in offensive operations is very important. Implementing this requirement, in peacetime we must make estimates concerning our capabilities and the conditions for attacking the enemy. After that, plans must be made to ready forces, arrange our economic strategy in conjunction with national defense, develop combat superiority, and formulate combat operations plans for the areas and directions predicted. When war breaks out, depending on the actual situation with respect to the enemy and us, we must quickly adjust and rearrange the combat position as appropriate. The requirement in establishing a combat position is to ensure that we can attack the enemy from the front, on his flanks, and from the rear, carry out widespread and scattered harassing attacks, divide the enemy forces, and create favorable conditions and opportunities for quickly launching key attacks to annihilate enemy elements.

In offensive operations, depending on the goals, tasks, the enemy's situation and our situation, the terrain, and the other objective and subjective conditions of each operation, many different operations forms can be used.

Here, I will discuss two basic forms of attack: attacks to annihilate the enemy outside his fortifications and attacks against defensive forces inside strong fortifications.

In launching attacks to annihilate the enemy outside his fortifications, drawing the enemy forces outside their strong fortifications in order to annihilate them is a traditional method (mode of attack) that is in accord with our conditions of having to use few against many and pit weakness against strength. By attacking this way, we can make full use of the strength of our terrain and people's warfare position that was prepared in advance, exploit the experience and mobile combat capabilities of our troops, and limit the enemy's strengths concerning equipment and modern technology.

In order to reach the goal of drawing the enemy forces away from their strong defense fortifications and annihilating them, many concrete forms of attack must be used, such as using decoys and encircling and annihilating the enemy at key points and positions in order to attack the enemy troops coming to provide reinforcement and break the encirclement. In this, attacking the troops coming to provide reinforcement and break the encirclement is primary. This is a very effective and highly efficient operations method. Forces that enjoy only a slight superiority can annihilate many enemy troops without suffering heavy casualties. But this requires that a very detailed operations plan be formulated, that the forces be used efficiently, and that many plans be formulated to deal with complex and unexpected situations.

Using this method of attack, the enemy must be attacked at key points and positions and the important positions must be held in order to launch the operation and give us the ability and opportunity to achieve the main objective of the operation, which is to annihilate the enemy outside his fortifications. Thus, selecting the key points correctly and annihilating the enemy troops quickly at those key points is decisive for the success of the operation. The key points (key positions) selected to enable us to encircle and annihilate the enemy are usually places where the enemy is relatively weak. But they are also strategic and sensitive positions that, if lost, will seriously threaten the enemy's defensive position. Thus, they cannot abandon those points but must bring up reinforcements from other places. At the same time, those are targets that we have the strength to annihilate. But regardless of how large the target is or how many forces are used, the attack on a key point must be a quick annihilation attack that achieves the objective of launching the offensive and drawing the enemy's reinforcements out of their fortifications so that we can annihilate them in accord with the objective of the operation.

Because attacks against key points hold such an important position, they are usually key battles. However, in attacking key points and annihilating reinforcements,

annihilating the reinforcements plays a major role in annihilating the enemy's forces and achieving the objectives and completing the tasks of the operation. The destruction of the troops being sent to provide reinforcement is usually accomplished in many battles, including major and decisive battles. The success of the operation depends on the results of these battles.

In order to successfully carry out the task of annihilating the enemy forces being sent to provide reinforcement, initiative and creativity must be manifested to a high degree, and the rules and stratagems of the enemy must be understood in order to predict their ability to react after we attack the key points. Using decoys and other means to trick the enemy must be used in order to get the enemy to move to the positions that we have prepared. Determined attacks must be launched on the flanks and to the rear of the enemy's formation in order to annihilate the enemy troops.

Attacking enemy defense troops inside strong fortifications is a method of attack that is used when necessary or when the enemy's defense lines (zones) are breached in order to annihilate the enemy forces, destroy their defense position, and liberate the people and the land. This method of attack is usually carried out by launching battlefield offensives or launching offensives against the key defense points or positions of the enemy.

In order to attack enemy defense forces in strong fortifications, things must be organized to penetrate key points in conjunction with encircling, dividing, delaying, and driving deep into and annihilating enemy elements

or the entire enemy force. However, this method of attack must be used in a very flexible manner in accord with both our characteristics and those of the enemy and the terrain in each specific operation.

Because the enemy's defenses will be arranged in an unbroken manner in depth and because the enemy will have strong artillery and air support, offensive operations usually require the use of penetration stratagems in order to open the way for expanding the attack and driving into the enemy's defense system, dividing and annihilating the enemy elements, and smashing his defense system. Depending on the specific objectives, tasks, and conditions of the operation, key penetrations can be organized in one or many directions, with a primary direction and other secondary directions.

Although breaking through is primary, attention must also be given to coordinating the penetrations with encircling, dividing, delaying, and launching attacks on the flanks and in the rear of the entire enemy defense system, dispersing the enemy forces, isolating the elements, cutting the supply routes, and blocking the avenues of retreat. Doing this will create favorable conditions for penetrating and annihilating the enemy forces quickly. Driving deep into the defense organizations of the enemy and occupying a number of strategic positions and important targets such as command and communications centers is also a very effective stratagem for disrupting the defenses of the enemy and contributing to expanding the operation quickly and concluding the operation successfully.

Australia

Paper Views Economic Crisis in Papua New Guinea

BK1101145595 Sydney THE AUSTRALIAN
FINANCIAL REVIEW in English 30 Dec 94 p 10

[Editorial: "PNG Steers Towards Disaster"]

[FBIS Transcribed Text] Eventually Sir Julius Chan and the rest of the Papua New Guinea's [PNG] political elite will recognise the extent of the crisis their country is facing. Unfortunately, though, all the signs are that the day of recognition is still a long way off, and Australians can only wonder what further damage will be done to PNG in the meantime.

The news of the PNG Government's increasingly desperate efforts to raise commercial finance is further evidence that Sir Julius is seeking to avoid the basic reforms being pressed on PNG by the IMF, the World Bank, the Asian Development Bank and the Australian Government.

The first ominous sign came in September when Sir Julius sacked the Governor of the Central Bank and one of the country's most respected economists, Sir Mekeres Morauta. Sir Julius then deferred the 1995 Budget, which was due in November.

Then came the hail of official abuse directed at a vice-president of the Asian Development Bank after he described PNG's situation as an "emergency", later followed Sir Julius's extraordinarily optimistic remarks about PNG's coming economic recovery.

In cash terms, the Government's deficit is now supposed to be down to about 2 per cent of GDP. However, that's more as a result of the Government's cashflow crisis than of any genuine spending cuts or revenue measures. In September the Minister for Finance, Mr Chris Haiveta, put a freeze on government spending. That cut outgoings in the short term, but it left the Government owing millions of dollars to the private sector. The expenditure has merely been deferred until next fiscal year. The underlying deficit is more like 6 per cent of GDP.

The Government is still promising genuine cuts in public spending when it finally brings down its 1995 Budget in March. But Sir Julius is doing nothing to prepare the political way for the kind of changes demanded by the IMF and the other donors: the cutting of the country's oversized and over paid public sector, the phasing out of commodity price supports and the refocusing of public expenditure on health, education and infrastructure.

The fear is that the next PNG Budget will prove to be as rubbery as past Budgets, and whatever structural reforms are announced will be fatally undermined by a lack of

genuine government commitment—"lost in the wind of bad habits", as the former Minister for Finance, Mr Masket langalio, used to say.

And while the country sails on with its rulers only vaguely aware of the economic and social consequences of their inaction, PNG's capital base will continue to erode as business refuses to invest and the Government becomes increasingly unable to fund basic services such as education, health and law and order.

That's a pretty bleak prospect for a country that has a major law and order problem, a recent record of one of the lowest levels of public capital expenditure in the developing world and 75 per cent of its rural population believed to be living below the poverty line.

The question for Australia is whether it can do anything to shorten the learning curve.

The answer is that it can, but only by being extraordinarily tough.

Australia is currently contracted to supply the PNG Government with about \$300 million a year in aid of which an increasing proportion is to be in the form of assistance for specific joint programs.

The gradual switch from general revenue assistance to program aid is itself a response to past mismanagement by PNG governments. It is an attempt to ensure that the Australian money is used for building the nation instead of fattening the public sector and the political elite.

However, it is becoming increasingly apparent that, in its present state of disorder, the PNG Government will have difficulty spending the money earmarked for specific programs. The pressure on the Australian Government will be to convert that unspent program aid to general Budget assistance, or at the very least to allow the unspent money to automatically accrue to future years.

In general Canberra should reject both requests (obviously it will depend on the specific program; where public health is involved it would be irresponsible to put people's health unnecessarily at risk in order to make a diplomatic point).

Australia should also press PNG's other donors and the multilateral lending institutions to harden their attitude to failures by the PNG Government to live up to its part of the aid bargain.

That is the only way PNG's leaders will start to get the message that the world in general and Australia in particular is not prepared to underwrite their irresponsibility.

The days when Port Moresby's failures could always be glossed over with a phone call to Canberra, Prime Minister to Prime Minister, must be over.

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